World

America's Magazine of World Events

JAN. 1, 1954

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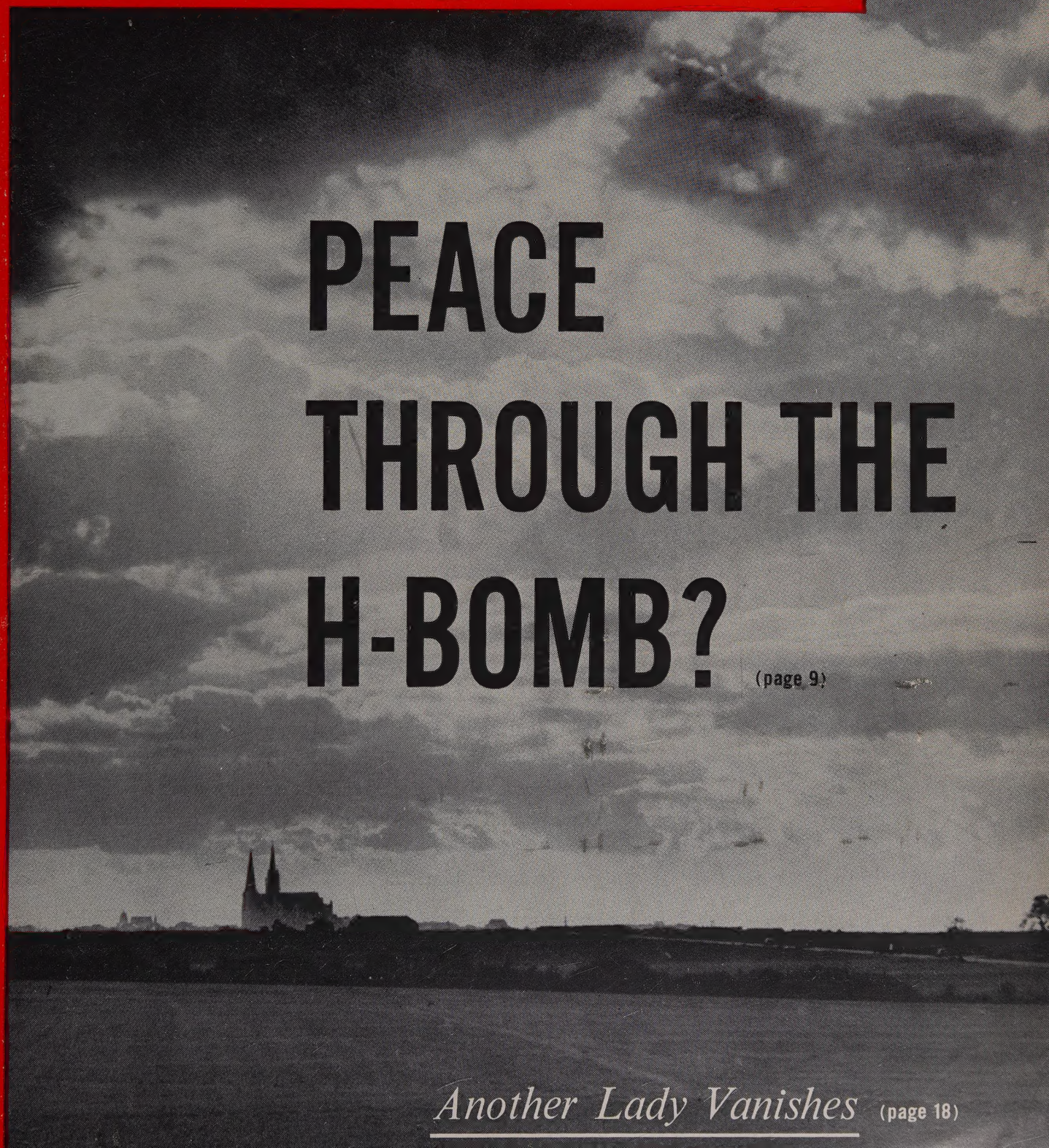

PEACE THROUGH THE H-BOMB?

(page 9)

Another Lady Vanishes (page 18)

...before it TALKS

. . . is the way our doctors put it—"Our chances of curing cancer are so much better when we have an opportunity to detect it *before it talks.*"

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American Cancer Society

World Correspondents Cable:

What's Ahead

BERLIN – The USSR, to offset Allied concessions to West Germany, is expected to offer to the East German "Democratic Republic" the return of certain areas in Upper Silesia and Pomerania annexed by Communist Poland with Soviet consent when the war ended.

Such a move would arouse bitter resentment in Poland, but the Polish satellite government, which depends for its existence on Russian bayonets, is not in any position to make a public protest.

Further to woo German opinion, Moscow also will offer to permit displaced Germans from the Sudetenland to return to their homes in Czechoslovakia. The Kremlin's Prague puppets, like the Warsaw regime, will have no choice but to agree.

It is expected that the concessions will be embodied in a treaty granting the East German government "full sovereignty."

LONDON – Diplomatic sources state that US Ambassador Winthrop W. Aldrich plans to retire next year because of age.

Should he do so, General Walter Bedell Smith, now US Undersecretary of State, is considered his most likely successor.

PARIS – NATO experts are considering a plan to form military units from Iron Curtain refugees on the model of the Free Polish and Free Czech forces in World War II.

PANMUNJOM – US politicians who encourage ROK President Syngman Rhee in his threats to "drive north" if the Korean situation is not settled to his satisfaction, rather than fear of a new Communist attack, are providing the chief headaches for UN commander General John E. Hull and US Ambassador Ellis O. Briggs.

Both men are bending every effort to dissuade the obstinate and emotional Rhee, whose one-man regime is encountering increasing popular discontent, from attempting to commit "national suicide."

The Senate Foreign Relations Committee Far East expert, H. Alexander Smith of New Jersey, bluntly informed the ROK President during his recent visit that, if South Korea renewed the war, it most probably would have to go it alone without help from the US or the UN.

Military experts believe that, without UN supplies, the twenty ROK divisions could wage full-scale warfare for no more than six days.

Rhee also was informed that any precipitate action would imperil ratification of the US-South Korea mutual security treaty--which comes before the Senate for ratification this winter--and might cost the bulk of the billion dollars promised for rehabilitation. Only $200 million of this sum so far has been definitely pledged.

But pro-Rhee statements by powerful members of the House and Senate have done much to undermine the force of these representations.

Possibility of Communist renewal of the war is discounted by the UN command, since the Reds know that this probably would result in atomic warfare extended to China itself--which neither Peking nor Moscow wants.

It is feared, however, that the Communists may attempt some coup in connection with the POWs refusing repatriation before the January 22 deadline, when the UN plans to release them.

Intelligence sources expect this to take the form of new large-scale riots in the POW compounds.

The purpose would be to provide the Reds with propaganda material for an attempt to regain the prestige they lost throughout Asia by the adamant refusal of the vast majority of the prisoners to return to Communist rule.

The Reds also hope such riots would cause a loss of face to the Indian custodial troops --now detested by the Reds because they turned out to be neutral after all.

LONDON – President Eisenhower may visit Britain after the return of Queen Elizabeth and her husband the Duke of Edinburgh from their Commonwealth tour.

A warm personal invitation from the Queen was conveyed to the President by Prime Minister Churchill during the Bermuda conference.

OTTAWA – A senior Canadian general shortly will be named Deputy Chief of Staff to NATO Commander-in-chief General Alfred M. Gruenther.

A Canadian brigade and a substantial air contingent now form part of the NATO forces in Europe, and the Canadian brigade now in Korea may be added to General Gruenther's command if there is a permanent Korean settlement.

BONN – A sharp struggle for the position of West German Defense Minister is expected when --and if--EDC goes into operation.

Franz Josef Strauss, minister without port-

folio in the present Adenauer Cabinet and one of the leaders of the Christian Social Union, the Bavarian unit of the government coalition, has made it known he wants the appointment.

But Chancellor Adenauer reportedly favors naming Theodor Blank, technical expert who heads the present "shadow ministry."

TOKYO – The US will use open pressure to compel Japan and South Korea to patch up their differences and negotiate a peace treaty unless present behind-the-scenes efforts produce definite results in the near future.

Japan will not recognize South Korea's claim that its territorial waters extend sixty miles off the coast, and is bitter over continued ROK seizure of Japanese fishing vessels in such waters.

South Korea will not honor what it considers exorbitant Japanese property claims.

TAIPEH – Generalissimo Chiang Kai-shek is in complete control of the Chinese Nationalist government--and will remain in that position--despite the fact that he was recently confronted by an incipient cabinet revolt.

Meanwhile Nationalist circles on Formosa are facing, with reluctant realism, the fact that they have no prospect of returning to the Chinese mainland in the foreseeable future short of general war between the US and the USSR and Communist China.

Nationalist guerrilla activity has been all but stamped out in China, and virtually every recent naval raid from Formosa has been bloodily repulsed by Communist coastal garrisons reinforced since the end of the fighting in Korea.

PARIS – Marshal Alphonse Juin, NATO Central European commander, believes French objections to ratification of EDC can be overcome by changing a single word in the treaty's military protocol.

Article 10 of the protocol now makes eighteen months the "maximum" period during which divisions destined for NATO service could remain under their respective national commands.

The Marshal advocates changing this to read "minimum," which would permit treaty ratification without the signatory nations irrevocably committing their troops.

MANILA – Philippine President-elect Ramon Magsaysay is at present the warmest friend of the US in the Far East--but this friendship may cool if Washington fails to provide the many millions in economic aid needed for Philippine economic reconstruction.

Observers warn also against interpreting his enormous popularity in his own country to mean he is a potential leader of all free Asia.

His close identification with America means that India, Indonesia and Japan all regard him with less than enthusiasm.

LONDON – The British Colonial Office plans to construct a modern motor highway across Kuwait, Saudi Arabia, Jordan and Egypt's Sinai Peninsula to link the Persian Gulf with the Mediterranean.

Such a road would not only greatly strengthen Middle East defense but also help solve the problem of the Arab refugees from Israel by giving employment to many thousands.

HONG KONG – Communist Chinese Premier Chou En-lai plans to retire shortly because of ill health, according to reports from Peking.

His successor is expected to be Kao Keng, chairman of the State Planning Commission and one of the leaders of Red China's industrialization drive.

NEW DELHI – The expected US assurances that American arms will not be used in Kashmir and that no bases will be established on Pakistani territory have not lessened Indian apprehension over the reported US-Pakistan military assistance pact.

New Delhi leaders insist that such an agreement would link Pakistan irrevocably with the West, and thus bring the cold war to India's doorstep.

PARIS – France's relations with Spain have been moving toward a crisis since the signing of the pact granting the US bases in the peninsula.

Recently, a French naval officer, Raymond Marius Viadieu, and four compatriots were given stiff sentences by a Spanish court for alleged "espionage of American defense preparations in Spain."

Later, Franco expelled Le Monde's Madrid correspondent, Jean Creach, and in retaliation France expelled the French correspondent of the Madrid ABC.

HONG KONG – Fears of a renewed Vietminh offensive in Indo-China, stiffened by Communist Chinese "volunteers" according to the pattern established in Korea, are increasing despite the peace feelers put forward recently by Ho Chi Minh through a Stockholm newspaper.

Private reports from inside China say that 23,000 "volunteers," commanded by General Pang Wo and disguised as a Vietminh army corps, recently crossed the border after being moved from the Canton area by tug and river boat.

The same sources add that war material shipments from China to the Vietminh forces have risen to an average of 7000 metric tons a month. Previously they averaged 3000 tons.

FOR WHAT'S AHEAD IN WORLD BUSINESS, SEE PAGE 71

LETTERS to the Editor

Wearing Our Colors

WORLD is a fine magazine and I believe it will be a tremendous success. . . . It was just what I needed—we rarely get a chance to read or learn of any news during this first phase of our army "careers."

By now WORLD and I are battle-hardened veterans: it was with me on the march, on the firing line, on the close combat course and, worst of all, it was tucked inside me when I crawled through the infiltration maneuvers! Anyway, it did get read from cover to cover before becoming a battle casualty.

I have only one suggestion to make. You should use a more permanent dye on the cover or seal it in a waterproof container. After marching five miles to a rifle range with WORLD under my shirt, the pages stuck together and the front-cover dye became T-shirt and fatigue-shirt dye. It came off pretty evenly, though, so I'm a walking advertisement for the magazine.

Fort Dix, N.J. PVT. S. N.

High Praise

Congratulations upon WORLD. It is the magazine for which we have been waiting for a long time. . . .

School men have so many things to read that they get bogged down and terribly behind. With a magazine like WORLD we can get the information we need in the minimum of time, but with complete coverage and dependable facts.

May your effort prove fruitful, not only to those of you who are interested in its publication, but to our great nation and other nations interested in the world outlook and peace on earth among men of good will.

EUGENE S. BRIGGS
President, Phillips University
Enid, Okla.

How Are We Doing Abroad?

Some years ago when in England I engaged the services of a young Englishman named Francis North as a courier, a real chap who knows his England and keeps abreast of all worth-while world topics. This extract from one of his recent letters might interest you.

"Anyone who reads the really educational article in the July WORLD by its European correspondent, George W. Herald, headed 'Why Europe Recognizes Mao,' will learn quite a lot. I might also suggest a digest of 'The Trouble with Ike's Foreign Policy' in the August number. Please let me add that the articles to be found in this periodical are some of the finest I have ever run into.

"The writers' thought and detail are a pleasure and an education to any person with a grain of common sense. It is good to be able to read something quite unbiased and straight from the shoulder instead of the potted tidbits published by so many newssheets."

CHARLES A. SLOSSON
New York, N. Y.

Joint Venture

Without wishing to minimize the US Air Force, which bore the main burden of the Berlin airlift, it is surprising that the late Ernst Reuter's message to the West (*WORLD*, Nov. '53) makes no mention of Britain's contribution in thwarting the Soviet Union's blockade of West Berlin.

In fact, this was a combined Anglo-American effort with the Royal Air Force carrying up to 1700 tons daily into Berlin and civil aircraft from Britain carrying up to 450 tons a day. From June 28, 1948, to May 11, 1949, the RAF and British civil aircraft made 63,612 flights to Berlin and back and between them carried 369,346 tons. In addition, the RAF transported 67,373 passengers from Berlin; this task was its special assignment.

Crews from the Australian, New Zealand and South African Air Forces helped to keep this vital tide of food

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and fuel moving, and the British Army also played its part in loading aircraft and constructing storage depots.

R. E. PORTER-MACNEAL

Glasgow, Scotland

The Minds of America

In "The Mind of Asia" (WORLD, Nov. '53) Lakshmi Menon makes two really important mistakes.

First, she claims that India speaks for *all* of Asia. I defy her to prove that Red-ridden India speaks for the Republic of China, Japan, the Philippines, the Republic of Korea, Ceylon, Cambodia, Viet Nam, Laos or Thailand. I know that she cannot! These nations continually repudiate Indian guidance and advice. India and its obstreperous, foolhardy policies are representative of no other Asiatic nations but leftist-dominated Indonesia and all-but-Communist Burma.

Mrs. Menon further states that a Gallup poll ("at the end of 1950") showed a majority of Americans in favor of admitting Red China to the United Nations. This is not true! The Gallup polls have consistently brought in figures which prove that the preponderant majority of Americans support the only regime in China: the Republic of China. . . .

Aside from its obnoxious nature, the article abounds in biased generalities: "Most Asians think like Nehru. . . ." "All Asian religions stress . . . 'peace'." The author displays herself as quite naive and too engrossed in what she thinks to be the worldwide importance of India.

GEORGE C. KENNEDY, JR.

Philadelphia, Pa.

► Mrs. Menon was correct in citing the Gallup poll figure. As of December 29, 1950, the poll showed that 57 per cent of Americans were willing to admit Red China to the UN "provided Red China agrees to stop fighting in Korea." As of September 11, 1953, however, the poll reported that only 21 per cent approved, and 68 per cent opposed, giving Red China a UN seat even if Red China agreed to withdraw all troops from Korea. The most recent Gallup survey on Chiang Kai-shek found that, as of September 18, 1949, 35 per cent of Americans had a generally unfavorable impression of him, 21 per cent had a generally favorable one, 44 per cent no opinion.—ED.

Mrs. Menon's article in which she ably presents some of India's attitudes toward America, and Chester Bowles's stimulating and thought-provoking reply is indicative of the need for WORLD as a forum promoting greater understanding where confusion is all too prevalent.

ARTHUR W. POTTS

Sacramento, Calif.

All Work and No Play

I think the idea of such a magazine as WORLD is a very good one. Obviously, its success will depend upon the competence, intellectual capacity and objectivity of those responsible for it. There is much valuable material in the first issue.

I do have one specific objection: on page 43 (WORLD, Nov. '53) I regret to observe that your cartoonist has joined in the not too subtle campaign against the President of the United States: he is depicted with a golf club in his hand. In my opinion, to the extent that this cartoon is read at home and abroad, it feeds the propaganda seeking to undermine confidence in President Eisenhower. Perhaps if his Soviet opposite number had been shown with a dagger in his hand, the cartoon would be more symbolically correct.

On the basis of experience in Washington, I have some notion about the burdens of the Presidency. It is unconscionable to me that the President is being attacked for reasonable recreation and exercise.

GORDON GRAY

President, the University of North Carolina

Chapel Hill, N. C.

► WORLD's cartoonist intended no comment pro or con on President Eisenhower's White House schedule. The President was equipped with a golf club as an appropriate personal prop, in the same way that Harry Truman might be sat down at a piano, or Winston Churchill before an easel.—ED.

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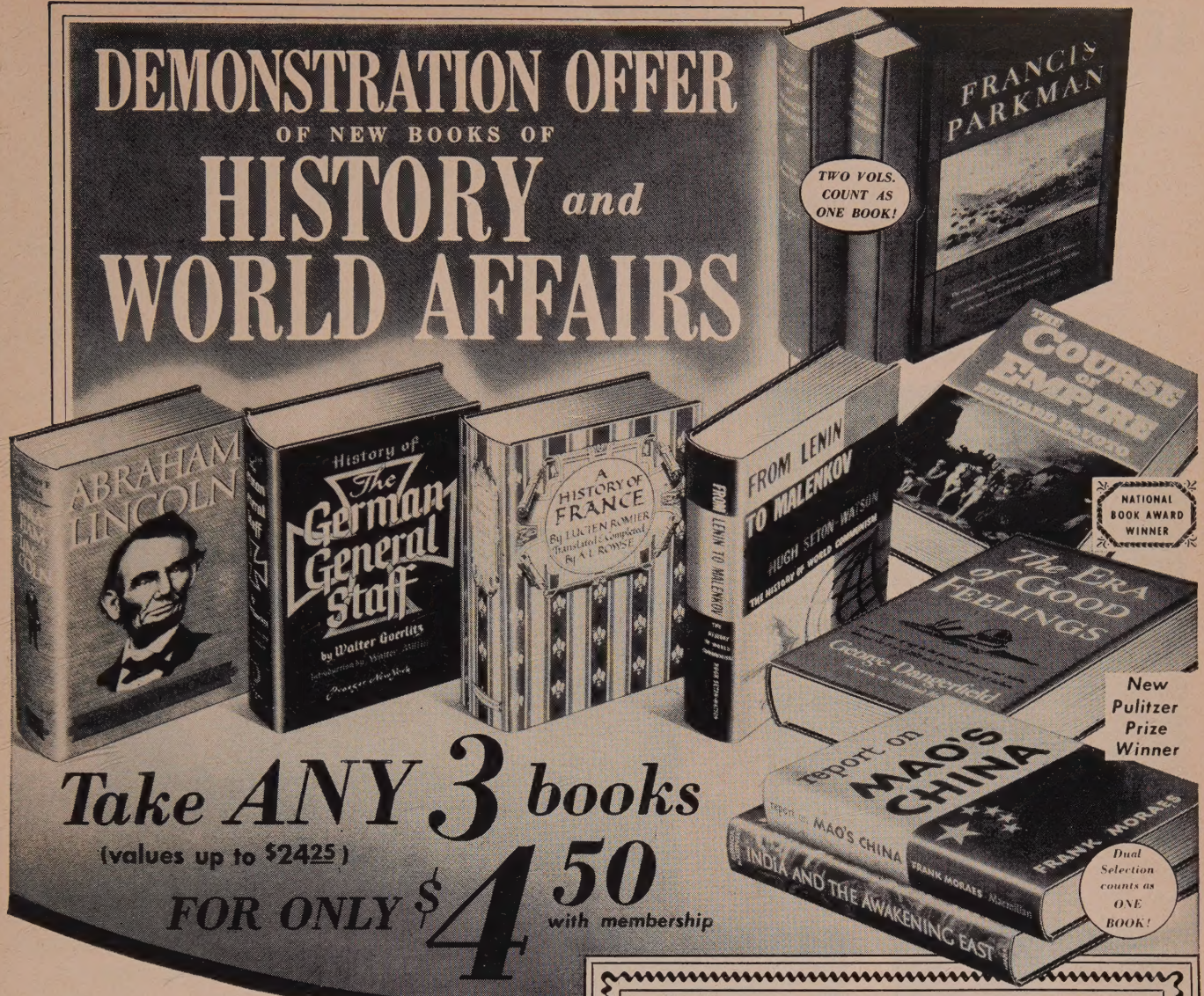

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LETTER FROM THE PUBLISHER

Dear Reader:

Two weeks ago, a group of us from WORLD went down to Washington. Our purpose was to meet personally some of the men in government whose jobs require them to focus clearly on the world abroad, and the men who represent this world in Washington. People who have been talking about WORLD and its impact, and who wanted to meet us.

I'm only sorry that we could not invite all of our readers to join us at this reception at the Mayflower Hotel. But we thought you might like to see some of the goings-on in these pictures. And when you dip further into this issue I think you'll feel some of the stimulating atmosphere of good talk by knowledgeable people.

Sincerely,

Roger S. Phillips

Publisher Phillips (left) welcomes Leslie Biffle, the former Secretary of the Senate.

WORLD Editor Koeves (left) stresses a point to Walter Robertson, Assistant Secretary of State.

American Security and Trust's Daniel Bell (left) with WORLD Correspondent Frederic Collins.

WORLD's Myron Hurwitz (left) talks with Assistant Secretary Robertson, US Information Director Theodore Streibert.

Japanese Ambassador Eikichi Araki (left) and Turkey's Hüseyin Kunter meet Mrs. Phillips.

Columnist Drew Pearson (right) ponders a question from Nicaragua's Sevilla-Sacasa.

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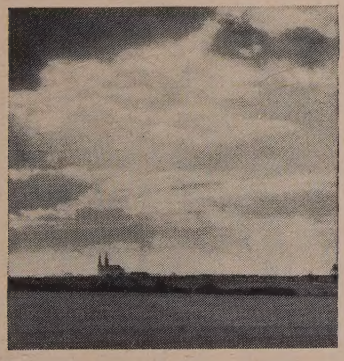

COVER: On the hallowed plains around Chartres Cathedral, as on all of Europe's timeless countryside, falls a shadow: the H-bomb. Yet in its very awfulness, Europeans see new hope for peace (page 9).

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VOL. 1 NO. 5 World JANUARY 1954

PEACE THROUGH THE H-BOMB?

From Europe, living under The Bomb's shadow, come startling revelations on mankind's most urgent problem

By GEORGE W. HERALD

WORLD's Chief European Correspondent

PARIS

THEIR cities were laid waste by high explosives within this decade; their manhood and their vitality were drained away by six years of total war; the prospective battle lines of World War III are drawn across the living body of their continent. For these massive reasons Europeans think about the potentialities of the H-bomb in realistic terms. What they have to say underlines President Eisenhower's dramatic warning to the UN of the perils of the atomic age. It amounts to this: the H-bomb has the power to annihilate civilization; but, add Europeans emphatically, it has also the power to bring permanent peace, since it has made it no longer possible for conventional armies to force a decision on the field of battle.

The H-bomb can bring either result. But—and herein lies the fateful irony of our choice—if it is to bring lasting peace, its horror and destruction first must be recognized, accepted and made part of the world's current thinking. On this as a premise some of Europe's most forceful military and political minds are weighing the questions which The Bomb has raised—men like France's André Siegfried, Britain's B. H. Liddell-Hart, Belgium's Paul-Henri Spaak and Switzerland's William Rappard. Listening to their views, to the words of government officials in four European capitals, and to military thinkers in General Alfred M. Gruenther's NATO headquarters, the picture of a new world comes into focus, a world in which traditional concepts of power will be so radically altered as to suggest a new dating: "A. H." (After the H-bomb).

Our allies claim that the thermonuclear explosions which took place in the USSR and the US in 1953 have inaugurated an era which will revolutionize military strategy and produce fundamental changes in the relationships among countries and continents. The sooner the powers concerned take a realistic view of these impending developments, they affirm, the sooner it will be possible to work out a common formula of live and let live.

According to the military experts, the H-bomb—which is expected to become airborne within the next year or two—will profoundly alter the role of

In frightfulness itself, war-haunted Europeans see a safeguard for their children against new ruins.

Eisenhower: "No sane member of the human race...

armies in the field. Armies will still be indispensable for certain functions of protection and control, but they will no longer be able to decide the issue between major powers on the field of battle. The power of thermonuclear weapons to pulverize the homeland sources of supply and thus reduce the armies to impotence has a particularly far-reaching consequence: it virtually excludes the possibility that future wars between big powers will, by tacit agreement, be waged solely with conventional weapons.

According to the scientists, the only wars that from now on can still be limited to conventional methods are "local" wars in which the big powers either have no stakes (unlikely in this age of collective security) or are fighting each other by proxy.

Moscow tried to stage such conflicts in Korea and Indo-China under the guise of "civil wars." But as they were fought without nuclear weapons, the principal trump cards, neither camp was willing to acknowledge them as genuine power tests and accept defeat within such limited terms of reference. East and West sent reinforcements whenever necessary—without, however, being prepared to enlarge the conflicts geographically. The result could only be stalemate, and thereby recent history has proved that "localized" wars are no longer practical instruments of political conquest.

Under these conditions, it is claimed, the H-bomb has outmoded the orthodox forms of war. No longer will potential aggressors use conventional armies in the conventional way, with the hope of conquering the enemy by beating him to the punch. In future, the only arms in which such hope can possibly be vested will be nuclear weapons.

Soviet aggression: the "New Look"

This is the strategic revolution which The Bomb has wrought. Our allies consider it a woeful blow to those countries which, in recent years, have harbored aggressive designs. It forces them to revise their military policies from top to bottom. Logically it will compel them to large-scale disarmament, since there will be no point in "storing arrows in an age of gunpowder" and maintaining huge "steamroller" armies that would roll themselves only into captivity.

According to European observers, there are strong indications that the aggressor nations acknowledge this upheaval and are beginning to adapt themselves to it. In contrast, it is claimed, the Western powers still seem to be rather hazy about the true implications of the H-bomb age. This is considered one of the main reasons why tension inside the Western camp has increased.

Moscow and Peking, our allies point out, agreed to put a halt to the Korean War because they saw they weren't getting anywhere. At the same time Russia, who used to pride herself on her invincible mass armies, has quietly begun to reduce their size. Since Stalin's death she has demobilized close to a million men and put them in her atomic workshops. Convinced that aggression by ground forces no longer pays, she has shifted the bulk of her armed forces from the European front to the Far East, where they are building giant airbases that directly threaten North America.

The latest Allied intelligence data show that only 21 per cent of Russia's ground troops and 8 per cent of her air forces still face Western Europe, while 48 per cent of her land troops and 54 per cent of her air fleet are now concentrated in the East. The hub of all this activity is the Soviet Union's 8th Military District in northeastern Siberia, which was established only last February.

This district is under the command of Lt. Gen. Sergei M. Shtemenko, former Red Army chief of staff. From his headquarters in Anadyr, a coastal town of 70,000 inhabitants facing Alaska across the Behring Sea, he supervises the construction of a string of new airbases with 2500-yard runways. The bases of Nizhni-Kolymsk, Indigirka, Ambarshik and Kasardnok were completed this year. Those at Anadyr, Mys Dezhneva, Velkal, Providenya and Mechigmenskaya are being enlarged. They are supplied by huge centers which the Soviet Chief of Administration, Northern Routes, has built at 500 mile intervals along the major Siberian rivers.

Five to six thousand aircraft are reported based in northeast Siberia ready to take off at the first signal. Not all of these planes can be considered dangerous. Three thousand of them are ancient Lend-Lease C-47s reserved for the transport of paratroopers. But the remainder are MiG-15 jet fighters, and TU-4 bombers comparable to our B-50s. The bombers are gradually being replaced by T-31 turboprops capable of flying the round trip to the United States.

This is how the USSR is meeting the challenge of the H-bomb age. The remarkable thing about this strategic shift is that it has been perfectly synchronized with Russia's foreign policy. She is determined to keep just what she now holds in Eastern Europe. She is trying to appease her neighbors and satellites. She plays up to France and seeks to isolate America. All these moves give her time to readjust her military strength to the new contingencies until she can resume the offensive. "We may not like what she is doing," a French statesman remarked, "but we must admit that it makes sense from her point of view."

...could discover victory in H-bomb desolation."

What has America—the West's only major atomic power—to oppose to this neat piece of coordination?

As our allies see it, the H-bomb age has affected the American scene on three different levels: the Pentagon, the State Department, and the general public.

There is nothing but praise for the way the Pentagon is approaching the problems of nuclear preparedness. Recent decisions to reduce the size of the US Army, increase the number of airbases around Russia and start equipping NATO with atomic weapons are all welcomed as evidence that America's top-level soldiers understand the strategic revolution now in the making. What Europe regrets is that, in this respect, the military seem to be pretty much alone.

Rightly or wrongly, our allies say that State Department policies in Europe are lagging behind the realities of the thermonuclear age. Atomic weapons are relied on to check Communist China's Far Eastern ambitions; but in Europe, our allies claim, we are still bent on creating new conventional armies. According to these critics, the European Defense Community is like a new type of aircraft which becomes obsolescent during its construction. They don't believe EDC will greatly change the balance of power and force Russia to slow down its military build-up in the Far East. In their opinion, the Soviets would only have to threaten the Continent with thermonuclear extinction, and its conventional armies would be obliged to surrender without a fight, as Denmark did to Hitler. They contend that to become really effective, EDC therefore will sooner or later have to be equipped with strategic atomic and thermonuclear weapons.

This is the basic issue behind the current shadow-boxing over EDC among French political factions and, on another level, between the USSR and the Allies. Is Germany to be allowed to become an atomic power within the EDC framework. No expert on the Continent doubts her technical ability, given the proper backing, to become one. Fear of Germany's atomic future haunts Russians and Frenchmen alike, and the US, by failing to recognize and counter this fear, is permitting the views of millions of non-Communist Europeans to coincide with the Soviet line on this vital matter.

Many of our West European friends feel that the State Department should re-examine its EDC policy in the light of these facts and bring it more in tune with the H-bomb age. If it is true that to be effective, EDC must be equipped for atomic warfare, then they say the pact must include stronger safeguards than it now provides. In their eyes, one of these safeguards would unquestionably be the early establishment of a European Political Community, and they would like to see the State Department put the strongest emphasis on that point in the next few months.

What worries our allies most of all is the attitude of Americans toward the H-bomb. For almost a century and a half the United States has been able to conduct its foreign affairs secure in the knowledge that, whatever happened, its homes would be safe. Now it has suddenly dropped to the rank of a common mortal among nations, as vulnerable to bombing raids as any of them. Europeans realize that this is a terrible shock to Americans. Will they, in their surprise and fear, succumb to the appeals of demagogues who, like Hitler and Mussolini, may lead their country to ruin along the road of chauvinism?

In the eyes of our allies, the danger is quite real. The fact that America is no longer invulnerable, they say, imposes on her statesmen and politicians responsibilities they have never known. According to a distinguished Belgian leader, from now on everything they do or say publicly will affect their country's fate. He added: "Thoughtless acts and statements are no longer gratuitous but can directly contribute to America's isolation. Those American leaders who don't understand this may well alienate America's allies until one day she will have no other friend in the world but the H-bomb. Such isolation would immensely increase the danger of a nuclear war."

Is modern war obsolete?

Europe's political scientists insist that the goal of any sane H-bomb policy can only be *not* to drop it. They say that the development of atomic arsenals must go forward at top speed—but only to make all other forms of warfare impracticable and thereby save the billions of dollars now being spent on armaments. Such a policy, however, must be carried out by cool heads and quiet nerves. Once nuclear weapons remain alone in the field, we shall have to ask the $64 question: "Can the bomb really arbitrate a political conflict?" At this point the major powers must finally, unflinchingly and realistically face the experts' conclusions, which are:

A single ten-ton hydrogen bomb can obliterate a city the size of New York or Moscow, kill one million people and injure a million more. A successful atomic raid on the US, according to the Defense Department's Kelly report, would cost up to 13 million lives and destroy 40 per cent of America's industrial production.

It is estimated that present American and Russian anti-aircraft defense would not be able to shoot down more than 20 per cent of the raiders. The European continent has not enough installations to stop even

that many. It is true that new devices are being manufactured in both camps to increase the safety margin. "We now possess rockets of a speed of 2800 miles per hour which ought to be able to reach and destroy practically any bomber no matter how high it flies," British Armament Minister Duncan Sandys revealed in the House of Commons on August 22, 1953. He added: "Some of these missiles will be guided by radar from the ground; others will have electric brains that steer them to their objectives."

But according to Sandys himself, these devices are so costly that they would ruin Great Britain's economy if she tried to equip herself with them. The same goes for America. "Our nation has neither the financial means nor the technical possibilities permitting us to create an impenetrable system of protection by these methods," General Matthew B. Ridgway declared August 31. It can be presumed that this also holds true for the USSR.

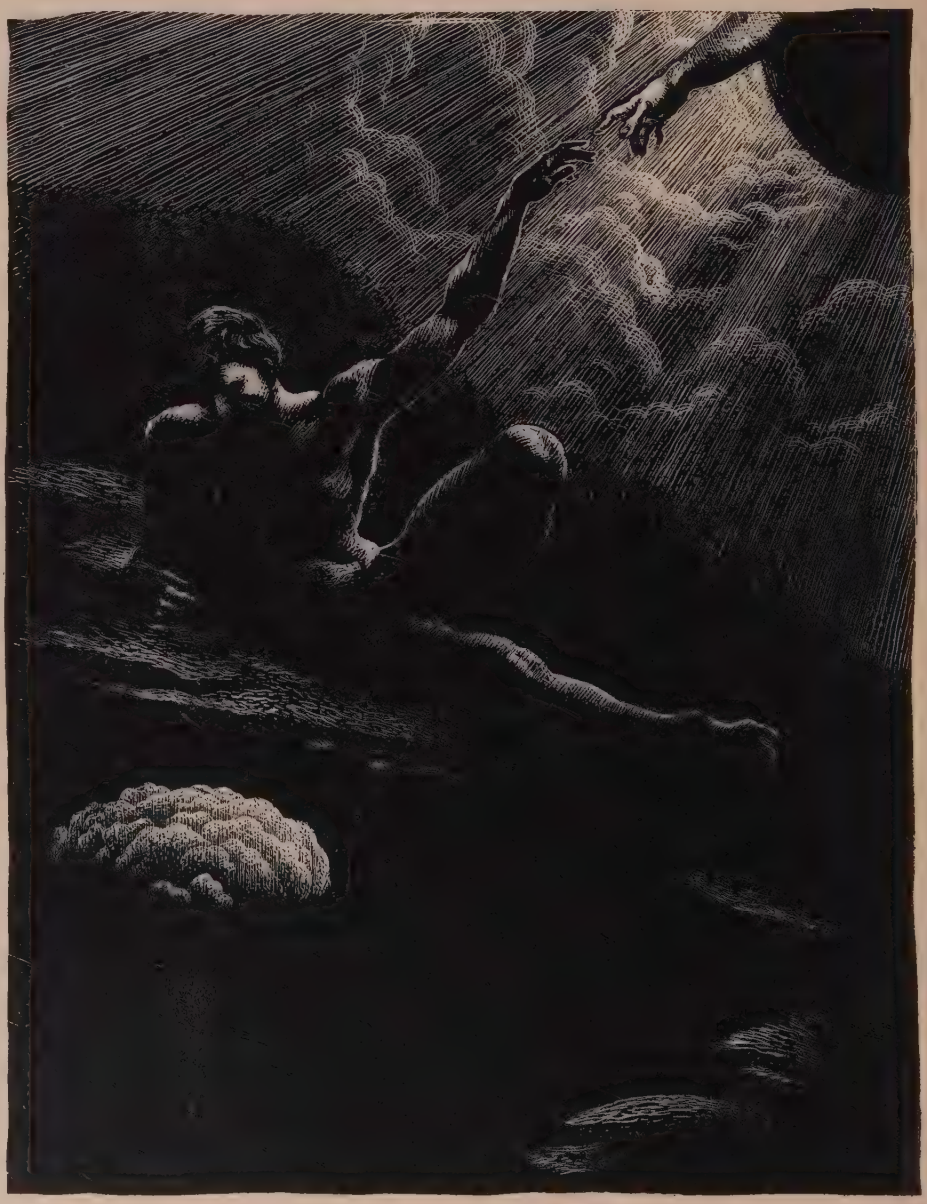
As the experts point out, the trouble is that even a 95 per cent safety margin could not prevent disaster. If only 5 out of 100 H-bombs fell on such cities as New York, San Francisco, Chicago, Detroit and Pittsburgh, and on corresponding targets in Russia, both countries would be paralyzed. What would cripple them would be not so much the material destruction—ghastly though that would be—as the sudden loss of brain power.

In Russia as well as in the United States the brains who keep the country going are concentrated in the major cities. Earlier in this century, Soviet Russia deliberately wiped out most of her intellectual resources; in an atomic war she would lose the hard-won elite she has been able to form since then. America, where 43.7 per cent of the people live in cities, would not be able to maintain the commercial and technological leadership she now exercises. As for Europe, she would simply fall into anarchy if subjected to nuclear attack.

The ensuing vacuum would have to be filled by those areas which had managed to keep out of the conflict. Thus South America, large parts of Africa, possibly Australia and New Zealand might become the last sanctuaries of Western civilization. Non-Western peoples, throwing off their last shackles, would take control of vast spaces of the globe.

Once it is generally realized that the H-bomb is even more unfit to solve conflicts between nations than all other forms of warfare, the nations of the world may at last agree, our allies hope, on more practical and inexpensive methods of settling their differences. When that day comes, they predict, nuclear science will have achieved its greatest triumph: it will have shattered the Leninist dogma that a "final clash between the socialist and capitalist camps is unavoidable." The Soviet Union will be obliged to revise its theory of world revolution by violence. And new horizons will open before mankind.

LET THERE BE LIGHT—OR NIGHT?



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An atomic-age version of Michelangelo's Sistine fresco, "The Creation of Adam"

An Exclusive Interview with the Senate Majority Leader

MR. KNOWLAND'S ASIA

By FREDERICK W. COLLINS

WORLD's Washington Correspondent

POLITICS worked in mysterious ways to create Senator William F. Knowland. His eminence is a fact, and his views, especially as to Asia, are clear. What neither his friends nor his foes yet fully understand is how he arrived at that eminence and those views.

As Majority Leader of the Senate he holds membership ex-officio in the world's parliamentary elite, but although he owes his title to the testament of the late Senator Robert A. Taft (probated a little grudgingly by his party colleagues), that most revered of Senate Republicans did not and could not bequeath with the title the full measure of authority it needs. Already, powerful committee chairmen plot usurpations, infringements, challenges, vetoes, restraints and supervisions. Why Taft should have named as beneficiary a man so vulnerable is a Congressional mystery.

But Knowland fears not, nor does he call for White House help. Despite possible defects in his credentials, he means to be as much the Senate's envoy to the President as the other way around, and may be expected to maintain his own strong views, dissident though they may be, in interpreting Mr. Eisenhower to his restless Senatorial forces. In short, he is besieged by circumstances all unfavorable—and it is the supreme mystery that somehow they combine to make him talked of as a Presidential possibility.

If he himself aspires to that office, as many think he does, he is staking his political fate mainly on the proposition that Communist expansion in Asia must be blocked by every available means. He is one of the strongest supporters of Syngman Rhee and Chiang Kai-shek, and a stern critic of Nehru and Great Britain.

Senator Knowland's opinions are as sincere as they are firm. No fair-minded critic can accuse him of self-interest except within legitimate political bounds. The merits of his views may be the subject of debate, but there can be no debate as to the weight they carry because of his Senate role. On the eve of a new Congressional session in which they may help to shape major decisions in United States policy in Asia, WORLD believes it is important to present the Senator's opinions to its readers.

Q. *Do you think the Mao regime can be overthrown short of war? If so, how?*

A. It is quite possible that the same stresses and strains that have recently been evident in Eastern Germany and Czechoslovakia will develop in mainland Communist China. There seems to be no doubt that the Korean War was a great drain on China's manpower and resources. The strong reaction of former Chinese Communist soldiers who are willing to die rather than be repatriated indicates that there may be more of this feeling, both in the Chinese armed forces and the civilian population, than had been thought possible.

As long as hope of ultimate freedom remains, a very real threat exists to the Peking regime. This is why it is essential that the free government of the Republic of China should continue to strengthen itself on Formosa, and why it should continue to be recognized.

Q. *What do you conceive to be the dangers to the United States from Red China's admission to the UN?*

A. Primarily, the danger is that Red China's admission would destroy the moral basis on which the UN was founded. A reading of the United Nations Charter shows that Communist China, as an aggressor, violated at least half a dozen of the Charter's provisions. Admission of Communist China would be looked upon in the Far East, and elsewhere, as a reward for aggression and a Far Eastern Munich.

The Chinese Communists would never be satisfied with mere admission into the United Nations. They would also insist upon having the Republic of China's seat on the Security Council, and then would, with complete logic, insist that, as the recognized Chinese government, they should have possession of the Province of Taiwan (Formosa). This of course would jeopardize the defense position of the free world, which runs from Japan through Okinawa to the Philippines and Australia.

Q. *If the United Nations were to admit Red China, would you advocate our leaving the organization?*

A. I have introduced a resolution in the Senate providing that if Communist China is admitted to the

"The Communist road to Paris...

Major stop *for Senator Knowland (left) on his recent Asian tour was Formosa. Here, under a welcoming banner, he is met by bearded president of China's Senate-in-exile.*

United Nations, the United States should withdraw. I shall press, in committee and on the floor of the Senate, for the adoption of this resolution if Communist China is admitted to membership.

Q. *Do you think that if we quit the UN we could continue the rest of our foreign policy unchanged,* NATO, *etc.? If not, how in general would we have to reshape it?*

A. I hope that the United Nations will not admit China, but there is nothing to prevent the United States from cooperating with other nations in the common defense of the free world, regardless of our membership in the UN. Our existing mutual defense pacts would be continued and we would, of course, live up to our treaty obligations in the Americas, in Europe and in Asia.

Q. *Will Formosa ever be strong enough to reconquer the mainland? If not, should Formosa be kept as it is, made an independent sovereign state, or what?*

A. The Republic of China now on Formosa has the sixth largest standing army in the world. At present, of course, it does not have the manpower or the resources to overcome the Communist power on mainland China. It does have sufficient power to be a constant threat to the Chinese Communists should they become involved in Korea again or in Southeast Asia.

I do not believe that it is within the province of international law for either the UN or the US to determine a change in the sovereignty of the Republic of China on Formosa. The people of both free China and free Korea would resent and resist multiple colonialism by the United Nations in the form of a so-called trusteeship as much as they would resent colonialism by a single power.

There is also a practical question: "What UN mouse will bell the cat?" Certainly, neither the American people nor the American Congress or government would be expected to make war upon free China and disarm its more than half a million troops on Formosa. Since, out of the 60 members of the United Nations, only 16 contributed forces to resist aggression in Korea, and all 16 contributed fewer than 45,000 men, it is hardly likely they would undertake such a task.

Q. *Do you think it wise for the United States to base its China policy on an aging man—Chiang?*

A. I do not believe that this nation should base its foreign policy on any individual, whether he be President Chiang Kai-shek, President Syngman Rhee, Prime Minister Churchill or Chancellor Adenauer. I believe we should be guided by the principle that our foreign policy is based on human freedom. What advances it, we shall support. What retards it, we shall oppose. I believe that free governments in all of the countries mentioned will survive the passing of their present leadership.

Q. *Do you think MacArthur was right when he wrote abolition of armaments into the Japanese Constitution, or should the Constitution be altered?*

A. I believe that this provision was intended to prevent the building up of aggressive forces for foreign conquest. I do not believe that the letter or the spirit of the Constitution prohibits Japan from having adequate forces to defend her home islands from aggression by a foreign power.

Q. *Japan is heading toward serious economic troubles. She wants trade with China. Can or should this be prevented?*

A. Japan has been interested in developing trade in other sections of Asia. While I was in the Far East I ran across Japanese trade missions in Pakistan and India, and others were scheduled to go into several other free countries of Asia. To date, the Japanese have largely abided by the ban on exports of strategic materials to Communist China. They hope that conditions ultimately will permit their having some trade in that area.

Most Japanese, however, realize that it would be dangerous to place all their trade in the one basket of Communist China. They know the Communists could then cut off trade and thus bring about an economic and political collapse.

Q. *Syngman Rhee violently opposes spending Korean-aid funds in Japan. The US feels such spending would balance the drop in Korean War spending in Japan. Do you agree with Rhee?*

A. President Rhee has a logical reason for opposing the spending of Korean-aid funds in Japan. He does not want Korea to become an economic colony of Japan. His country was a political and economic col-

ony for fifty years and he knows that, if all of its machinery comes from Japan, Korea will be dependent on Japan for replacement parts, and that at some future time it might suit Japan's purposes to cut off these replacements.

On the other hand, I believe that President Rhee is mistaken in opposing the rehabilitation of war-damaged plants. These plants originally came from Japan; a relatively small expenditure for Japanese parts would bring them back into production. I think he is also mistaken in opposing the purchase of certain consumer goods which can be gotten more economically from Japan than from other areas.

Q. *Rightly or wrongly, you are believed at home and abroad to be the exponent of a get-tough policy in Asia. How tough must we get to attain our objectives?*
A. If by this statement you mean that I am opposed to a Far Eastern Munich, *you are correct.* I do not consider this a "get-tough policy," but rather a "be-firm-and-stand-on-principle policy," which I believe has a better chance of saving the rest of Asia from communism than does any policy of appeasement. Many years ago Lenin said that the road to Paris was through Peking. What he meant was that if the manpower and resources of China came into their hands, the Communists' chance of ultimately gaining control of more than a billion people and the vast strategic resources of Asia would be greatly enhanced. Once they consolidate their position in Asia, it will be difficult to stop them in Europe.

Q. *Do you believe Mr. Rhee's policy frequently runs counter to US policy? If so, how should he be handled? Should we actively oppose him if he breaks the armistice?*
A. No one would deny that differences have developed in the past between the Republic of Korea and the United States. It is my personal belief that these differences might not have developed had there been closer consultation with President Rhee during all stages of the preliminary UN armistice negotiations.

I know that President Rhee has great respect for President Eisenhower, for Secretary of State Dulles and for Assistant Secretary of State Robertson. I believe that President Rhee and the ROK will abide by the terms of the armistice and I am sure he sincerely hopes that the political conference will result in a united, free Korea. He recognizes that a divided Korea is likely to mean an ultimately Communist Korea and that a million armed Chinese aggressors in Northern Korea will be a constant menace to the independence of his nation.

If the Chinese and North Korean Communists strictly live up to the terms of the armistice, I do not believe it will be violated by President Rhee. I think the United States and the United Nations should make it clear that they expect all parties to abide by these terms and will take whatever action our national interests require if they are violated by any of the parties concerned. Needless to say, I believe it would be one of the great tragic events of history if the US or the UN should find itself aligned with the Communists in a conflict with the Republic of Korea which was our staunchest ally in three years of fighting Communist aggression.

Q. *What chance do you think there is of agreement on a conference to settle the Korean problem, and of a settlement if the conference* were *held?*
A. I do not believe there is more than a fifty-fifty

The Seven Pillars of Mr. Knowland's Asia

1. The Chiang Kai-shek regime must "continue to be recognized as the government of the Republic of China"; there must be no UN trusteeship over Formosa.

2. Admission of Communist China would "destroy the moral basis upon which the UN was founded"; if it takes place, the US should withdraw.

3. Japan's Constitution does not forbid "adequate forces" for defense against aggression.

4. Nehru does not speak for free Asia, whose "vast numbers" favor effective common defense against "further Communist aggression."

5. "Neutralist" nations like India don't deserve the same military or economic aid as our active allies, or an equal place at the conference table.

6. Lenin said that the "road to Paris is through Peking"; our European allies must realize that the Kremlin plans conquest of Asia as the preliminary to a "major assault on Western Europe."

7. Appeasement of communism in Korea or elsewhere in Asia would be "Munich all over again."

chance that such a conference will be agreed on, or that it can settle the Korean problem on a basis of peace with honor.

Q. *Should elections be held only in North Korea, or should they be nationwide, including South Korea?*
A. United Nations-sponsored elections have already been held in the Republic of Korea, south of the 38th Parallel. They would have been held north of that line had the UN commission not been prevented from conducting them by Communist forces in 1948 and 1949. For this reason, I believe that UN-sponsored elections should be held in North Korea, where as yet there have been no free elections. It is my personal belief, however, that the ROK would have nothing to fear from nationwide elections, and perhaps it should be induced to agree to them if Mao Tse-tung agrees to elections, sponsored by the United Nations, throughout China. What is sauce for the goose should be sauce for the gander.

Q. *Would you favor US participation in a general Far Eastern conference or would you oppose sitting down with Mao's representatives?*
A. I would not favor United States participation in a general Far Eastern conference in which Communist China was represented and the Republic of China was not. I would not favor such a conference unless the nations of Asia which helped to resist aggression in Korea were the principal parties. I do not believe that the neutralist nations which sat on the sidelines for three years of the Korean War should take part in a general conference on a basis of equality with those nations which supported collective security and suffered casualties. Perhaps, as a basis for agreement, the neutralist countries of Asia might be permitted to select one of their number to represent them at such a conference.

Q. *Many people think Asia is polarizing around either Communist China or Nehru's democratic India. Do you think this is true? If so, shouldn't we cooperate more with India, notwithstanding the criticism of Nehru in Congress?*
A. I do not agree that the only alternatives in Asia are Communist China or Nehru's India. This would be merely a choice between communism, which is quick death, and neutralism, which is ultimate death, for the free nations of Asia.

I think there are vast numbers of people in Asia who are determined to remain outside of the Iron Curtain and are willing to take effective steps toward a common defense against further Communist aggression. They believe that communism is destructive to human freedom and that India's neutralism is destructive to effective resistance. Nehru speaks only for the neutralist nations of India, Burma and Indonesia. He does not speak for the Republics of Korea and China, Japan, Thailand, Viet Nam, Laos, Cambodia, the Philippines or Pakistan.

Q. *Do you believe we can cooperate with our allies in Europe yet work at cross purposes with them in Asia?*
A. Cooperation must be a two-way street. I think this question should more properly be asked of our allies in Europe, for whom we have done much in the common defense. They need to understand better the world strategy of communism and to recall Lenin's statement, "The road to Paris is through Peking."

Q. *Do you think the Kremlin is lying low in Europe to relieve pressure there and concentrate on Asia?*
A. I think that the Kremlin is pursuing its long term objectives: it is trying first to consolidate its power in Asia before launching a major assault on Western Europe.

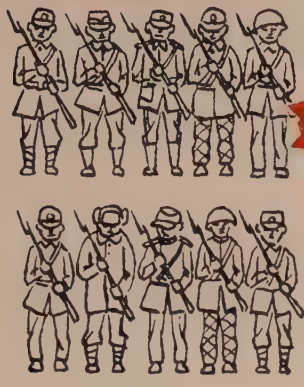
Q. *There is reported to be a movement in Washington to make Point Four and technical assistance dependent on military aid, so that a nation, to qualify, must sign up as a military ally. Do you approve this or do you think large-scale Point Four programs themselves effectively combat the spread of communism?*
A. I believe that our mutual aid program should be limited to those who are doing the utmost to help themselves. I do not believe we have the resources in this country to support simultaneously a system of collective defense and a system of neutralism. Each country, of course, has a sovereign right to choose its own course of action.

It is unreasonable to expect the United States to give the same aid and the same priority of aid to nations that are waiting to see how the struggle between the free world and the Communists comes out as we give the nations that are helping to build an international system of law and order and collective security. There is room for a limited amount of Point Four technical assistance in the so-called neutralist countries. But we do not have the resources to continue to give them mutual security, by military or economic aid, if they are unwilling to join in the common effort of the free world.

Q. *There seem to be signs that your policy on important Asian problems differs from that of the Administration. How will this affect your role as Majority Leader?*
A. This is a question which I think assumes more than the facts warrant. Personally, I do not believe that this administration or the American public is prepared to sacrifice the free people of Korea, or the Republic of China, or any other area in Asia, to appease communism temporarily when the inevitable result would be further Communist aggression. It would be Munich all over again, as when Czechoslovakia was sacrificed in the hope that it would bring "peace in our time." Appeasement now, as then, would only be surrender on the installment plan. I did not abandon my responsibilities as United States Senator when I became Majority Leader.

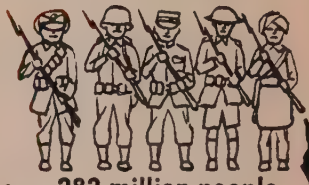
BALANCE OF POWER IN ASIA

COMMUNIST



495 million people
4,530,000 sq. miles

US ALLIES



282 million people
1,910,000 sq. miles

NEUTRAL BLOC

478 million people
2,312,000 sq. miles

THE LINE-UP:

COMMUNIST-RULED

	Area (square miles)	Population
China	3,855,000	487,000,000
Mongolia	626,000	1,000,000
North Korea	49,000	7,000,000
	4,530,000	495,000,000

NEUTRAL BLOC

	Area (square miles)	Population
Afghanistan	250,000	12,000,000
India	1,138,000	357,000,000
Nepal	54,000	6,000,000
Ceylon	25,000	8,000,000
Indonesia	584,000	76,000,000
Burma	261,000	19,000,000
	2,312,000	478,000,000

U S ALLIES

	Area (square miles)	Population
Japan	141,000	85,000,000
Formosa	14,000	8,000,000
Philippines	115,000	20,000,000
Iran	628,000	20,000,000
Pakistan	364,000	75,000,000
Thailand	200,000	19,000,000
Indo-China	286,000	27,000,000
Malaya & British Possessions	126,000	9,000,000
South Korea	36,000	19,000,000
	1,910,000	282,000,000

Another Lady Vanishes

A Real-Life Thriller: The Story of Mrs. Donald Maclean

From Our European Offices

PARIS

ON August 12, 1953, Dr. Bruno Pontecorvo, an Italian-born physicist, exploded a thermonuclear device northeast of the town of Yarkand in Soviet-controlled Sinkiang. At least in principle, this feat gave Russia equality in the atomic arms race.

Four weeks later, on September 11, Mrs. Melinda Maclean, wife of Donald Maclean, a missing British diplomat suspected of having fled behind the Iron Curtain, left her apartment at 4, rue des Alpes, in Geneva. With her were her three children: Fergus, nine; Donald, seven; and Melinda, two. A day later, in the Russian sector of Vienna, the Maclean family disappeared.

Allied intelligence officials are now convinced that there was a direct connection between these two seemingly unrelated events. After four months of painstaking investigation they believe that Moscow arranged the reunion of the Maclean family in Russia as a reward for Donald's services in helping Pontecorvo to escape from England to Russia in September 1950.

The Maclean case has dismayed everyone concerned with Allied atomic security. That is why the search for clues has been unremittingly pursued. Some of the evidence obtained by Allied intelligence officers is factual, some is circumstantial. The gist of it can now be divulged; it makes one of the most amazing cloak-and-dagger stories ever enacted by real people.

The drama opens in Paris, in 1938, where Melinda Marling, daughter of a Chicago oil executive and a former student at the Sorbonne, was working as a clerk in the American Embassy. Just around the corner, in the British Embassy, was young Donald Maclean, a hopeful junior in His Majesty's diplomatic service. One day, at lunch, the two met. From then on they were almost inseparable in the shabby Bohemian cafés on the Left Bank.

Missing diplomat, *Donald Maclean, was First Secretary of British Embassy in Washington in 1947, relaxes at nearby beach with son Fergus.*

Donald, at twenty-five, was considered brilliant. The son of a prominent Liberal family and a Cambridge graduate, he was already marked for advancement by the Foreign Office. He was known to be strongly left-wing and to have mixed with Communists at Cambridge, but in those days, when Fascism was the free world's greatest threat, this was by no means unusual, and certainly no hindrance to what promised to be a splendid career.

One evening in the fall of 1938, while Donald was waiting for Melinda at Les Vikings, a favorite café of theirs on the rue Vavin, he sat down with some friends. In the company were a striking couple, a dark, Italian six-footer and an ash-blond, athletic-looking Swedish girl. Discussing the topic of the day — Hitler and Czechoslovakia—Donald found they shared his views. On parting, they told him their names: Marianne Nordblom and Bruno Pontecorvo.

At that time, Pontecorvo was studying physics on a scholarship at the Collège de France and he was a favorite pupil of Professor Frédéric Joliot-Curie, the fellow-traveling French atomic scientist. He and his Swedish girl friend were living in a small apartment at 17, Place du Panthéon. Although not married, they had a year-old son named Gil.

Bruno Pontecorvo married his mistress on January 9, 1940, soon after the war broke out. In June, Donald Maclean wed Melinda Marling. Later that month, when the Germans were closing in on Paris, both couples fled. Donald and Melinda spent their honeymoon on a coal trawler that brought them back to England. The Pontecorvos made their way to Lisbon, and sailed for the US on August 9.

Second act: scene North America. From 1943 to 1948, Pontecorvo was a member of the Anglo-American atomic research team at Chalk River, near Montreal. From 1944 to

Missing lady, *Melinda Maclean, arrives at London airport in September, 1951, with son Fergus and three-month-old daughter, after visiting a villa on the Riviera which her husband had rented just before he vanished. Allied intelligence now believes that she went there in a first, unsuccessful attempt to contact Maclean through Soviet agents.*

1948, Maclean served as First Secretary of the British Embassy in Washington. The two met frequently, for Pontecorvo made repeated trips to the US to discuss technical matters; and Maclean, as secretary of the Combined Policy Committee on American, British and Canadian atomic secrets, was one of the men he came to see.

Whether they were already part of an espionage ring is not known. What *is* known is that they both had misgivings about US atomic policy and preferred to work elsewhere. In December 1947 Pontecorvo accepted an offer from Britain's atomic laboratory at Harwell, and shortly afterwards became a British citizen. In the spring of 1948, Maclean was sent back to London for reassignment. Thus the two principals whose destinies had run so strangely parallel returned to the Old World at the same time, both of them enemies of most of the things England stood for.

The sorry third act takes place in Cairo and London. Assigned to the Egyptian capital as Counselor of Embassy, Maclean had attained greater success than most career diplomats of thirty-five even hope for. And yet he detested his job. The corrupt and decadent society of Egypt enraged and depressed him; he began to drink heavily. At odds with himself and the world, he developed a "split personality" and, under the influence of alcohol, formed homosexual attachments. Melinda considered a divorce but was deterred by the fear of scandal.

Maclean's emotions reached a violent climax at a houseboat party on the Nile. In a drunken outburst, he wrested a rifle from a guard and menaced the twenty guests. A courageous friend subdued him. The Foreign Office immediately recalled him to London, gave him six months' sick leave and ordered him to take psychiatric treatment. Only his outstanding record saved him from summary dismissal.

THOSE six months of enforced leave, from May to November 1950, were crucial in the life of Donald Maclean. He was approached by Soviet agents who, after the arrest of Klaus Fuchs, were badly in need of a replacement. Maclean proved amenable. He was told that "Red China" would build golden bridges for the right atomic scientist. Maclean suggested Pontecorvo. Another Soviet contact in the Foreign Office and a friend of Maclean, Guy Burgess, arranged the details. On July 25, Pontecorvo and his family left

England for an extended vacation on the Continent. On September 2, after flying from Stockholm to Helsinki, Finland, on the edge of the Iron Curtain, the Pontecorvos disappeared.

In November, on the recommendation of his psychiatrist, Donald Maclean was "reintegrated" into the Foreign Service and made head of the American Division, proof that his loyalty was unquestioned at that time. In health and manner he seemed much improved. Melinda bought a house in Kent with $20,000 she had inherited. Donald, now a happy family man, was looking forward to the birth of a third child. The marriage appeared definitely saved.

Yet slowly the clouds were gathering over his head. His conscience bothered him; he reverted to drink. He began to make strange, brooding remarks about "Communist agents." When Burgess, who in the meantime had been sent to Washington, was recalled for personal misconduct, Soviet operatives warned both men that their time was running out. On May 25, 1951—Donald's birthday—Burgess received a telephone call at 5:30 p.m. That evening they drove to Southampton and crossed the Channel aboard the ferry *Falaise*. Neither has been seen since.

Melinda received a farewell message from Donald—a telegram, pathetic with the knowledge that he was leaving her in the last weeks of her pregnancy. Its final words were: "Don't ever stop loving me."

FOR Melinda there followed months of anxious waiting. She decided to go to the villa at Beauvallon, on the French Riviera, which Maclean had rented for her just before he disappeared. Scotland Yard, aware that nearby St. Tropez was a spy center, asked the French police to keep an eye on her. They discovered nothing; her attempts to get in touch with Donald were fruitless. Not until May 1952 did she get word that he was alive and working. An emissary from behind the Iron Curtain brought the message; £1,000 ($2,800) was deposited to her credit in a Zurich bank.

From this moment on, Melinda's only purpose in life was to locate Donald, correspond with him, and get him back. She pursued this goal with a perseverance and subtlety that, even in retrospect, baffle Allied agents. She closed her house in England and took up residence in France. Then, in October 1952, she moved to Switzerland. She was now in constant touch with Soviet agents, who advised her. She settled down in Geneva, waiting in the childish hope that she might eventually meet Donald and bring him back to England under a false name. The evidence shows that although she was not a Communist, she did not condemn her husband's views; but she did not, at that time, want to go to Russia.

Meanwhile, in Russia, Donald had again fallen prey to despondency. For almost a year he had been briefing the Communists on Allied policy and strategy, atomic installations, air force strength, points of Anglo-American friction. But gradually the information dwindled to a trickle. He took to drink again. He wanted to see his wife and children; he told the authorities: "I could do much better if I had my family around, like Pontecorvo."

The request went through channels and struck a security snag. Mrs. Maclean was an American and a non-Communist to boot; only a high official could authorize her entry. The decision was postponed.

Then, in August 1953, came the thermonuclear explosion on the Aksu River which shook the world. Pontecorvo, the hero of the hour, was asked in true oriental fashion to name his wish. One of the things closest to his heart, he said, was the reunion of the Maclean family.

THUS the drama moved into its final act. Maclean, for the first time since 1951, was able to send a long hand-written letter by special courier to his wife, telling her he wanted her to join him, and how it could be done.

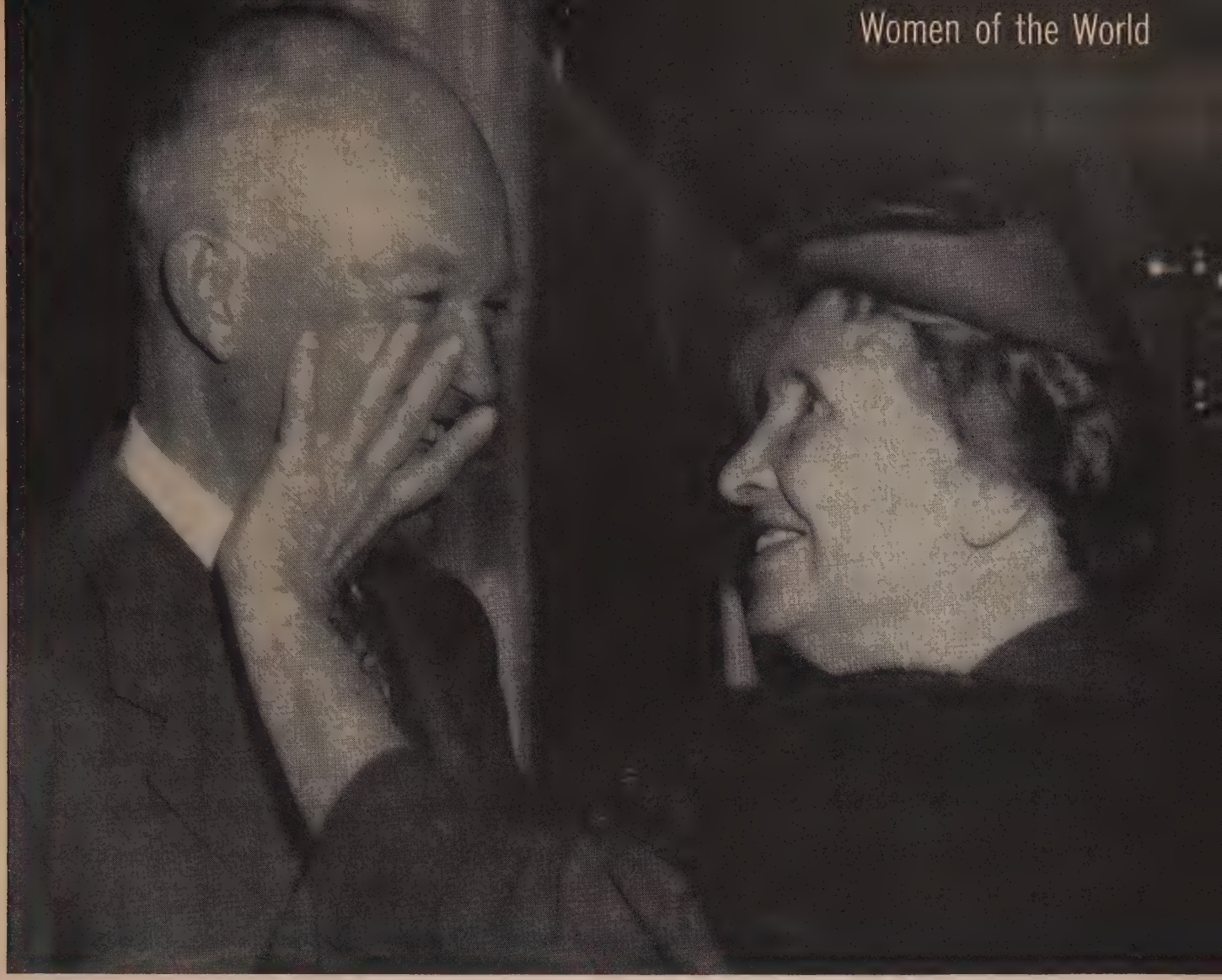
Melinda had to face the gravest decision of her life. She did not hesitate; she agreed to meet the Russian contact at Majorca, where they worked out the details of her flight.

On September 7 she was back in Geneva, with her schedule in her pocket. Between Monday and Friday, coolly and systematically, she planned her departure. She settled her bills, put her accounts in order, brought her correspondence up to date, bought gasoline for her car, and withdrew 700 Swiss francs from Lloyd's Bank for her mother. Her little boys knew they were going on a trip; Fergus announced it to a friend—the son of AP correspondent Lynn Heinzerling—on Thursday. This was the day before Melinda told her mother that she had just run into an old friend who had invited her to Territet, near Lausanne, for the weekend. During World War II the Swiss police knew Territet as the seat of "Moscow Center," the principal Soviet spy ring in the country; they now know that part of the ring still exists.

At 3 p.m. on Friday, September 11, Mrs. Maclean arrived in Lausanne by car with her three children. At 6:58 p.m. they took the train to Zurich. Where they spent the four intervening hours no one knows. They made the train with ten minutes to spare, boarding a second-class car with tickets to Bad Gastein which had been purchased at Cook's that same afternoon—by a man. She left her car in a garage, and somewhere she and the children had changed their clothes as a further precaution against being identified.

At Zurich, after a half-hour wait, the Macleans took the Arlberg Express. It is now established that they traveled on this train all the way to Vienna. Saturday morning they were met at the Westbahnhof by a Russian car and driven to the Hotel Imperial for a few hours' rest.

The same day an airplane carrying Mrs. Maclean and the three children took off from the Soviet airport outside Vienna and vanished into the eastern sky.



Through the searching fingertips that have been her only eyes for 73 years, Helen Keller sees the President's smile.

The torment and triumph of

Helen Keller

By Ethel Delston

WHEN Helen Keller tours a foreign country on behalf of its blind citizens, whole cities turn out to pay her homage. In the past three decades, her work for the physically handicapped in Syria, Korea, Peru, New Zealand has transformed the lives of hundreds of thousands of blind and deaf persons. "The tears are in my eyes," she wrote, describing her visit to Lebanon, "as I recall the wonderful welcome given me . . ."

Public recognition of her selfless contributions to the well-being of the blind is evidenced by France's presentation to her last year of the Legion of Honor, by awards from South Africa, Australia, Israel, Scotland, Brazil—the complete list would include most of the countries in the world.

Traveling so much, meeting so many people, Miss Keller is constantly subjected to their foibles. When

Her hands were her light

***School** for 12-year-old Helen was the light handclasp of her teacher, Anne Sullivan, whose tireless fingers spelled a way out of the darkness of her childhood.*

***The victor** over meaninglessness, Helen Keller at 39 was confident in her knowledge of the world and in her role of helping others like herself to know it.*

she was visiting Lady Astor in London she met George Bernard Shaw. She was thrilled to meet the man whose wit and courage had always made her feel that he knew the password of the silent dark. Lady Astor introduced them and said, "You know, Mr. Shaw, Miss Keller is deaf and blind." To which Shaw answered, "Why of course—all Americans are!"

Helen Keller was the only one his remark failed to perturb. She herself had already written practically the same thing in one of her books:

"I am deaf, I am blind, and it may be an odd thought for one such as me—but I do think too many people go through the world deaf to the problems of life and blind to the beauty of self-education. Even a woman, alone all day with her child, quietly making the home her husband is striving for, ignores the fact that her happiness depends upon her knowledge of the facts of life and in her is wrapped the hope of the future: the way she brings up her child."

One would naturally expect a person as isolated from her fellow man as Miss Keller to be isolated in her thinking, but her detachment did not last after the age of six. Since that time her deep concern for humanity, her grasp and interpretation of world affairs have astounded almost three generations. She has turned her afflictions into assets. "I am, myself, still a reasonable human being. . . . In my isolation, I have had the opportunity to read, and to ponder, and to think, and to be educated—the opportunity most women deny themselves. And to me, the darkness and the silence exist no longer."

What pains her most is that people think she is different. "Even while I laugh," she has said, "I feel a twinge of pain in my heart, because it seems rather hard to me that anyone should imagine that I do not feel as others feel. Sometimes a sense of isolation enfolds me like a cold mist as I sit alone and wait at life's shut gate."

But she said this when she was very young, still in school. She stopped waiting a long time ago. She found her object in life—helping others to overcome their difficulties—and since that time she has grown into a universal figure, known, appreciated and loved.

TODAY, at seventy-three, Helen Keller is a handsome woman. If you did not see the wrinkles in her face and the gray in her hair, you would think you were looking at an exciting young woman in her thirties. She dresses beautifully in tailored suits which fit her trim figure perfectly. No bracelets or rings impede the work of her important hands. Her hands are her eyes and ears, as well as her sense of touch. She puts a string of pearls around her neck, perhaps also a little gold pin. And, of course, the tiny dash of red on her collar—the rosette of the Legion of Honor.

She is not photogenic; pictures do not do her justice. She is tall, full-bodied, with a strong, graceful posture. She holds her head high as if she were always listening and watching. She seems to be built

of fine, highly charged wires, ready to vibrate at the lightest touch, mental or physical.

But most of the time in any gathering, business or social, she is forced to sit quietly, wrapped in silence. Often long moments pass before her companion, Miss Polly Thomson, spells into her hand what is being said, what is happening around her. But even while she waits she is never inanimate. She holds her hands tightly folded in her lap, clutching each other. Always she must rigidly control her impulse to take part in the goings-on which those who can see and hear take for granted.

One night it seemed as though she had lost that discipline over herself. Sitting on the platform at Madison Square Garden, she disagreed with one of the other speakers whose words Miss Thomson was translating into her hand. The audience watched as every gesture expressed her emotional reactions. She strained in her chair as though scarcely able to hold back the protest that rose to her lips. But this happens only on rare occasions.

A day in New York for Miss Keller may include a speech at the United Nations, and another a few hours later at the American Jewish Federation for the Blind. But when she is not attending public functions or going to the theater or playing with the children she loves, she spends an eight to ten-hour day at her work. She is at her desk before nine, writing her books—she has written ten, plus innumerable articles for newspapers and magazines—composing her speeches, answering the mountain of correspondence which comes to her every day from all over the world. The important letters have been put into Braille by her secretary and she answers them herself on her Braille typewriter. After lunch, she may take a short nap or a walk in the grounds of her Connecticut home. She follows a winding path, with her fingertips on the railing which Miss Thomson had built for her. If she decides to venture away from that path, one of her dogs, Et Tu, her Seeing-Eye, accompanies her. Then back to the typewriter again.

She likes to read at night, in bed. The Braille books are larger and much heavier than ordinary ones, but with pillows at her back and the book on her knees, she loses herself in poetry, novels, plays, and occasionally a detective story. She gets six magazines printed in Braille every month, plus a world digest from England and one in French from Paris.

She says, "It takes me longer to do things." Perhaps, but in the process she commits everything to memory. She makes her speeches without notes. She has educated her mind.

Most of her knowledge has come through her hands. As a child, she learned the texture and beauty of a butterfly by touching its delicate wings. She learned the shape and size of an elephant by walking around it for an hour, feeling its immensity and strangeness. At Radcliffe, the lectures were spelled into her hand by Miss Sullivan, her companion at that time. All of her books are printed in Braille. She has molded her mind like a sculptor fashioning a living, breathing work of art. Becoming educated was a pleasure for her.

Miss Keller's constant companion is Miss Polly Thomson, who became a member of the Keller household when she was a young girl fresh from Scotland thirty-nine years ago. There is still a hint of wild

***Questions** from reporters about her tour of Asia to help the blind were transmitted to Miss Keller by her companion, Polly Thomson, just before they sailed in 1937.*

***Answers** to Miss Keller's tense wartime curiosity about the Flying Fortress came when she visited the Boeing plant and felt one of the huge bomber's gun turrets.*

heather in her speech—and hence to Miss Keller's thoughts as she interprets them for her. She is friend, housekeeper, confidante and sister—they enjoy the kind of relationship other people dream about. Miss Thomson is an attractive woman in her own right and bubbles over with interest and laughter. In the overwhelming presence of Miss Keller she can set a stranger at ease in a moment, no longer than it takes to greet you, laugh and shake your hand—an invaluable asset in view of the thousands of people she and Miss Keller meet in their travels.

Anne Sullivan Macy, Miss Keller's teacher and companion for fifty years, died in 1936. Up to that time, the three lived and traveled together wherever Miss Keller's work took them. Now, only Miss Thomson goes with Miss Keller on her trips all over the world. Together, they meet kings and presidents, premiers and prime ministers—all for the purpose of building a better life for the blind.

They have two methods of communication, and interchange them constantly. Sometimes Polly turns to Helen and speaks almost quickly, in a normal tone. Helen places two fingers lightly across Polly's mouth, and her thumb on Polly's throat, right under her chin. And as Polly speaks, Helen repeats rapidly, word for word, everything Polly says, even to the change of tone. Other times, Polly spells the words in the manual alphabet into Helen's hand, so quickly that the eye cannot follow the movement of her fingers. When a third person is with them, Polly repeats aloud whatever she is telling Helen. Often, when speaking into Helen's hand, Polly ends the sentence with a light slap, and both women burst out laughing. Talking about themselves and what they have done, they seem to be reminded together and at the same moment of something they shared, and they often laugh at the same things.

Polly never lets Helen feel alone. She holds her hand, she slaps Helen's arm or shoulder, she sits thigh to thigh with her. Always contact, always thoughtfulness. She never lets go of Helen on the street or in a room until she has put Helen's hand on a railing or against a chairback. They are in tune with each other. They walk at the same pace, arm in arm. They turn to each other at the same time—neither is ever alone mentally. They blend.

Polly explains everything in advance to Helen: "We are waiting for the boy to get us a taxi. . . . Here it is, keep your head down, don't bump your head, this is a low ceiling. . . . We're passing a candy shop, Helen, shall we stop in for a sweet?"

Every spring, at a given date, Miss Thomson has their trunks hauled down from the attic, pulls hatboxes and overnight bags out of the closets, talks over their itinerary with Miss Keller and sets in motion the preparations for their annual three-month trip abroad.

Two years ago, one of their stops was Cairo. There was no help in Cairo for the blind.

When she arrived by plane, a throng of distinguished officials was waiting to welcome her. In a dress of light blue flowing stuff, she walked down the slanting ramp, tall and erect, her hand sliding loosely along the rail. Miss Thomson told her later, "We flew in from the sky on the plane, and when they caught their first sight of you, walking down toward them, they thought you looked like an angel from Heaven."

Touch system *is used by Miss Keller not only to operate her special Braille typewriter, but to read what she has written. Beside her sits Et Tu, her Seeing-Eye dog.*

Miss Keller talked with every high government official in Cairo. She visited the homes of the blind. She learned how lonely, how dirty they were, how pointless their lives as, without help, they fumbled their way through each dark day. She spoke to them. She encouraged them.

She told the Minister of Education, "You must fling open the door to your afflicted people. You must educate them, help them become useful citizens. You need each one. As long as one poor soul in your city is allowed to sit alone, universal peace may remain only a dim dream. Civilization is no longer a local affair."

Less than a year later, eight schools for the blind had been built and were in operation in Cairo.

Now, because of her profound understanding of vital world issues and her interest in the handicapped, Miss Keller holds a unique position as a world-renowned figure. She has been chosen as one of the twelve most distinguished women in America. This was no accident.

It was a long, hard struggle, beginning with torment in the small Alabama town where she was born. Most of us start life with a bland acceptance of the sweetness and knowledge our five senses allow us to absorb. Most children take for granted a tree, a cloud,

the sight of a human face, the sound of a loved one's voice. But when Helen was nineteen months old, she became ill. Nella Braddy describes how the doctors diagnosed the trouble as acute congestion of the stomach and brain, which was so severe that she was not expected to live. But when she rallied they said she was all right, and left her with her mother. The following morning her mother discovered one-half of the bitter truth. While she was bathing the child, she noticed that when her hand accidentally passed before Helen's eyes, the lids did not close. She thought at first it was because of the languor which had naturally followed the fever, and tried again. When it was obvious that Helen could see nothing, Mrs. Keller consulted a specialist. She learned that her little girl was incurably blind.

No one had yet discovered that Helen was deaf. This her parents learned when they rang the dinner bell and she did not come; when they rattled a tin can of stones, one of her favorite playthings, and she did not move; when they spoke to her gently and there was no response; when they screamed at her and still she did not turn her head.

In the 1880s, in the small Southern town, there was no help. Day after day, the mother watched her child slipping from her, as she tried desperately, and futilely, to hold on to the few strands of communication left them.

Little Helen played quietly around the house for three years with her family and friends who understood her gestures—for example, when she put her two fists together she wanted to go to the barn to hunt for eggs—but no one ever communicated with her. "Always alone, always alone, my silent, aimless, dayless existence began to grow unbearable. I began to struggle against the invisible hands which were pressing me back . . ."

At the age of five, by putting her fingers on her parents' lips and throats, and running from one to the other, she learned that when one spoke, the other answered. She would stand in the middle of the room, moving her lips too, trying to talk. But nothing happened, and she began to have tantrums. Crying, screaming, kicking, the desire to express herself grew. "The few signs I used became less and less adequate. I cried out for communication—the need of the human being; communication became so urgent that the outbursts of passion occurred daily, hourly!"

Mr. and Mrs. Keller began to search for a teacher for Helen. Through Dr. Alexander Graham Bell, who worked with blind and deaf children, they were put in touch with Anne Sullivan at the Perkins Institution for the Blind in Boston.

Miss Sullivan was only twenty. She had had trouble with her eyes, too, and only recently, by a series of operations, had her sight been restored.

She knew the manual alphabet (which consists of a different finger position for each letter), she knew how to read and write Braille: this was her formal education for the task of teaching a blind and deaf child. But more important than anything else was her native intelligence and perception. She quickly came to realize that in order to teach Helen she must first find out what Helen wanted and needed to learn. Today this is called progressive education, but in those days no teacher had ever heard of it.

Whenever Anne Sullivan realized that a new method of teaching was necessary to Helen's development she invented it. It was not easy. Many nights she cried herself to sleep. It was in this sensitivity that the key to her success with Helen lay.

"The most important day I remember in all my life is the one on which my teacher, Anne Mansfield Sullivan, came to me. I am filled with wonder when I consider the immeasurable contrast between the two lives which it connects."

HELEN was strong, willful, wild as a colt. Miss Sullivan decided the first job was to teach her table manners. By force, she made Helen sit in a chair and eat from her plate, instead of running around the table, grabbing food from the others' plates. By force, she put a spoon in the mystified child's hand, made her put food into it and then into her mouth. But she succeeded only after hours of kicking, screaming and pinching by Helen, and only after the whole family had left the table in shared agony.

No one had ever tried to teach Helen before. How could they? There was no way to talk to her; they did not know how to show her. When, at last, Miss Sullivan succeeded in conveying this first simple lesson,

(*Continued on page* 70)

***The feel of antiquity** is absorbed by Miss Keller in Cairo as, gently guided by Miss Thomson, she examines the head of Chephren, one of the pyramid-builders.*

The Happy Little Fish

Six years ago, when food was so scarce in the war-disrupted world that even the richest nations were on ration cards, Al Capp created the Happy Little Shmoo, a creature whose sole aim in life was to be eaten by human beings—broiled, fried, roasted, sautéed or cooked in a rich cream sauce for which the Shmoo himself, prior to his cooking, provided the cream.

Where Mr. Capp got the inspiration for this succulent and providential little animal is his own business; but it might surprise him and those who remember the Shmoo to know that there is a creature very like him in the world, one who is providing Shmoo-like food to millions of traditionally hungry families in Southeast Asia. This Shmoo is a fish, and its name is tilapia, or the "mad fish," because it eats like mad, grows like mad and reproduces like mad.

The tilapia is a member of the carp family, which will thrive almost anywhere. Right now, aided and abetted by the United Nations Food and Agricultural Organization, it is populating ponds, swamps, rice paddies, ditches, tanks and even barrels in Malaya, Ceylon, Thailand and the Philippines, as well as Haiti and Jamaica in the Western Hemisphere. Its reproduction is truly Shmoolike in both speed and quantity: it attains maturity in four months and breeds the whole year round at three-month intervals. Two adult tilapia in a pond will have multiplied to ten thousand tilapia within twelve months—and all of them are good eating.

In lands where meat prices are too high for most of the population, they are an excellent source of cheap protein, and a fine cash crop as well. They are delicious broiled, fried, dried, salted, smoked or pickled. And they grow to a nice table size, one-half to three-quarters of a pound, with firm flesh and only a few small bones. While they are growing to the proper size for consumers, they themselves are busy eating, fattening up on a variety of aquatic plants and animals, insects, worms and—very important in countries with a high incidence of malaria—mosquito larvae. When its young are threatened, the tilapia cleverly cuts down the mortality rate by carrying the eggs and the baby fish in its mouth.

The story of these amazing fish began in the waters and lagoons of Mozambique, where the tilapia has long been a popular feature of the native diet. In 1939, an observant Dutch expert on fish noticed some tilapia in a pond in Indonesia, thousands of miles from their native habitat. There were no clues as to how these small fish had made such a fantastic journey, but the Indonesians didn't worry about it. The little fish multiplied again and again, and when the Dutch technician emerged from a Japanese prison camp in 1945 he found the Indonesians consuming tens of thousands of tons annually. Tilapia had become such a basic part of the local menu that the Nipponese invaders tried to claim credit for bringing them to Asia.

The latest convert to tilapia is Thailand, whose people were found to be "malnourished" as a result of a protein deficiency. In August 1949 the government turned to the "mad fish" and the Royal Thai Fisheries Department imported a sample batch of tilapia from Penang, Malaya. A year later, a second modest shipment of 200 more was ordered from Singapore for further study and the FAO was requested to send skilled fish culturists to advise.

The UN experts, in order to interest the Siamese in the possibilities of these peculiar fish, launched their joint selling campaign by distributing small numbers of baby tilapia to farmers coming into town for agricultural fairs and religious festivals. A typical tale is that of Mr. Nai Udom, curious but skeptical, who took home a score of little fish from his November 1950 visit to the Nakorn Phathom Temple Fair. After keeping them in an earthen trough in his back yard for a while, he built a fish pond and tossed them in with some ordinary carp. The happy Mr. Udom, an enthusiastic fish farmer now, had a couple of thousand tilapia in a matter of months, and has since given away thousands more to neighbors.

News of this amazing fish spread like wildfire through the rural population as such success stories circulated, and 150,000 fingerlings (less than one inch long) were distributed in 1951. Some 400,000 were given away in 1952, and the 1953 target was 5,000,000. At least 75 per cent of these are expected to reach maturity and show up on the dinner table before Easter. Thai government fisheries have stepped up distribution to more than 500,000 per month, but the demand is still growing. The national budget includes a special $4 million appropriation for the promotion and development of fish farming during the next decade.

The European-educated King Phumiphol of Thailand has shown a real interest, and he dramatized the national acceptance of the tilapia by staging an elaborate ceremony with Queen Sirikit and the royal court in attendance as FAO specialists recently supervised the release of 2,000 of the wonder fish into the pond at the great palace at Hua Hin. These have been reproducing so rapidly that many of their offspring have been given to grateful farmers, who refer to them as "the King's magic fish." During the impressive Siamese New Year ceremonies last April, richly costumed young girls placed tilapia in temple pools as part of ancient religious rites.

There is only one respect in which the tilapia is finicky—he likes his water warm. For this reason, residents of the non-tropical areas of the world are not likely to enjoy the benefits of this happy little Shmoo unless a way is found to make him hardy. Perhaps this is just as well, for in Al Capp's fable the unrestrained eagerness of the Shmoo to turn himself into nutritious delicacies resulted in his near-extermination by commercially minded people who were hungrier for money than they were for food.

The tilapia is unlikely to suffer such a fate. The FAO and the US Point Four program are pushing his development in lands where he is really needed: in the protein-famished countries along the equator the whole world around, where he is changing eating habits and at the same time filling the primary needs of people who might otherwise have starved.

A teacher tries to hold her pupils above water in a lake where they took refuge after atomic blast.

Hate On Location

HOW COMMUNIST MOVIE MAKERS EXPLOIT THE TRAGEDY OF HIROSHIMA

THE grim scenes on this and following pages were enacted in Hiroshima, Japan—seven years after the atom bomb exploded and destroyed that city. They are taken from a movie, *Hiroshima*, produced by the Japanese Teachers' Union with over 70,000 actors, mostly volunteer teachers and students. The source of growing controversy in Japan because of its obviously propagandistic purpose, the movie has not yet been generally released. These stills were brought to the US by William Worthy, a young American correspondent, who writes:

"The theme song of hostility to America and Americans that is promoted through all Japan today can be summed up in this insinuation: America is synonymous with war, drunkenness and prostitution. It is deep into this realm that the left-wing Japanese Teachers' Union delved to produce *Hiroshima*. This film is the Union's second venture into the hatred caused by the A-bomb, the first having been the widely shown, widely acclaimed *Child of the Atom Bomb* which the government banned for export.

"Last August the Japanese press featured stories about the previews of *Hiroshima* on the eighth anniversary of the atom bombing. The Letters to the Editor in Tokyo's three English-language dailies indicate the audience reaction: they soon took on a standard pattern of angry letters from Americans and equally acrimonious replies from Japanese, rehashing the charges that the bomb was dropped for racial reasons, which are so strong an undercurrent today."

How *Hiroshima* sowed this quick crop of hatred is described in the pictures on the following pages.

Opening scene *is lyric: a Hiroshima school today. Suddenly a child collapses from delayed radiation sickness.*

FLASHBACKS INTO VICTIMS'

The story of *Hiroshima* sacrifices continuity for propaganda. It is a series of loosely connected episodes showing how the bomb affected the lives of a number of people. One of its several sub-plots concerns a little girl (*left*) who is discovered, seven years after the bomb, to be dying from radiation sickness. This gives the film a chance to point out that US medical teams were more interested in investigating the bomb's effects than in healing the victims. In a series of flashbacks to the day the bomb fell, the experiences of

A "memory" flashback shows mass of high school girls bolting into the lake to escape fire storm which swept Hiroshima

LIVES YIELD A CATALOGUE OF ATOMIC HORROR

others are recalled: a group of high school girls who fight their way through the nightmare city to the water; the fate of a small boy who, orphaned by the bomb, learns black-marketing from GIs; a doctor who fears radiation has permanently poisoned the soil.

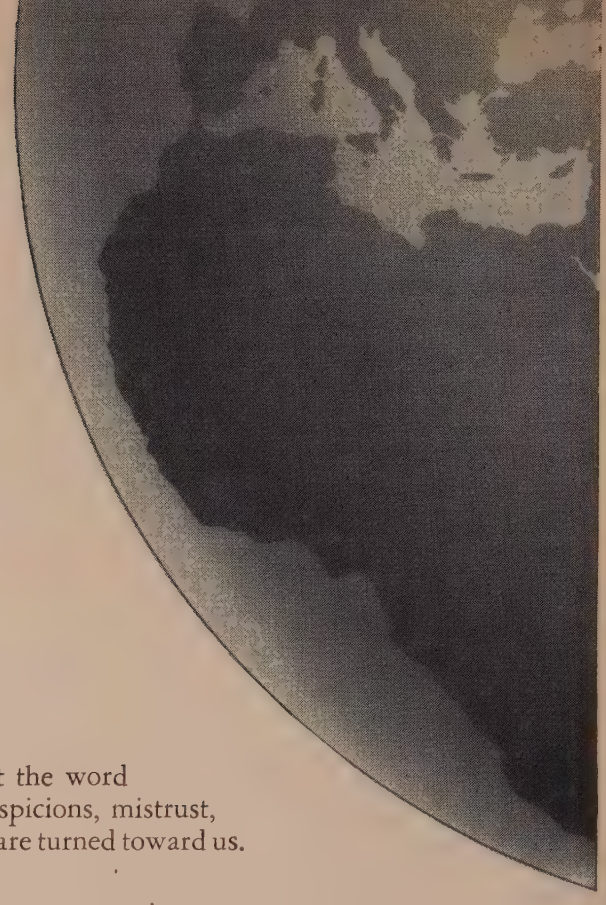
In reviving the utter horror of the bombing, the movie spares nothing in its detail. Said one American who saw it: "It was singularly and unnecessarily gruesome. I do not see how Japanese parents could ever have permitted their own children to see the film."

"One of the editors of *Mai-Nichi*, Japan's third largest daily," writes Correspondent Worthy, "went to the heart of *Hiroshima* when he said that in today's Japan the far Left and the far Right find themselves wallowing in the same turgid waters of bitter, reminiscent nationalism. All the pre-1945 figures are there—the veterans' groups, the lords of monopoly, the dreamers of empire who talk openly of new expansion. It is ironical that *Hiroshima* ends on the hope that the scourge of war will never strike mankind again."

in the wake of the A-bomb

Young ghoul *(left) who sells skulls of atomic victims to souvenir-hunting GIs is discovered by Tokyo police to be himself a Hiroshima orphan who began his career by begging GI handouts.*

Hysterical joy *transforms the scarred faces of Hiroshima survivors when they see a new green sprout outside the hospital. Doctor (pointing) had planted radish seeds to test if anything would grow in atom-scorched soil.*



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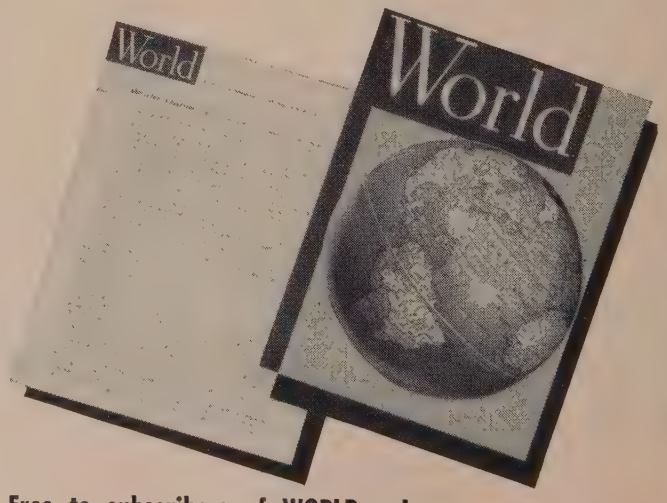

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How are we doing abroad?

THE *Brownell-Truman-White explosion has caused as much disturbance abroad as at home.*

At this writing, the net result is that the confidence of our allies in the United States as leader of the free world has been gravely shaken by the Attorney General's charge that the former President knowingly kept Communist spies in high office.

The virtually universal reaction, WORLD's correspondents cable, is dismay over the damage done the US Presidency by what are considered trumped-up charges made for purely political purposes.

BONN

Emlyn Williams reports:

West Germany is not only appalled and thunderstruck by the Brownell charges that former President Truman was "soft" toward communism, but fears that they have greatly impaired US leadership in the struggle to prevent Soviet world domination.

The *Abendpost,* of Frankfurt, stated:

"The US bipartisan foreign policy against the Soviet Union is gravely endangered when internal political differences can lead to insecurity in foreign affairs."

The Frankfurter *Rundschau,* pointing out that Eisenhower's actions as well as Truman's might be questioned, asked:

"Can the US under these conditions still preserve a real and active foreign policy? The complete conformity of home and foreign policy long was an unpleasant privilege of the dictators. Have things gone so far that in the free world, too, evil communications corrupt good morals?"

The action of the House Committee on Un-American Activities in issuing a subpoena to Truman particularly shocked Germans. The *Frankfurter Allgemeine Zeitung* wrote:

"The dignity of his high office merits commiseration when even a President, so soon after he has ceased to be the nation's representative, can be seized by witch-hunting McCarthyism. Even if this painful spectacle is not a personally directed action, it is in the McCarthy spirit and abuses the basic principles of the free world in its own house. It is causing serious concern."

The *Generalanzeiger,* of Bonn, said that the Velde Committee acted "as if the US was never allied with the Soviet Union," and pointed out that President Eisenhower, as Allied Supreme Commander, himself had cooperated closely with the Russians.

The *Hannoversche Presse,* commenting on President Eisenhower's own part in the controversial Morgenthau Plan, quoted from an interview with the then General in the London *Daily Express* of June 12, 1945.

The General told the *Express,* according to the *Hannoversche Presse,* that Germany will "never return to what she calls normal—the right to be able to compete with any other highly civilized, highly industrialized nation of Europe."

PARIS

George W. Herald reports:

The White-Truman-Brownell affair, by lessening the prestige of the US Presidency and raising the suspicion that the Eisenhower administration has surrendered to "McCarthyism," has worsened the chances that France will approve EDC and raised

News Chronicle, London

"Welcome to the ranks of the Defenders of Western Democracy!"

the possibility that she may pull right out of the West's alliance against communism.

An influential member of the National Assembly, hitherto a staunch supporter of the US, stated:

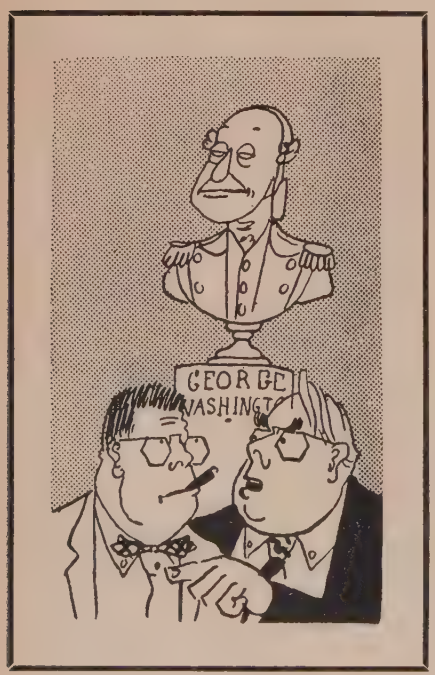
"Our alliance has always been based on a community of ideals. What will happen if we no longer share the same ideals?

"If America goes farther to the Right, anything will be possible in France."

The charge of "softness toward communism" made against former President Truman is regarded as "proof" that reaction is in the saddle in America and that the US is willing to sacrifice its alliance with France for a rearmed West Germany and bases in Franco Spain.

The leftist but pro-US newspaper *Combat* said that, in such circumstances, "one ogre is as good as another," and spoke of the possibility of a "reversal of alliances," as did the strongly pro-NATO *Figaro*.

General de Gaulle put this into so many words when he told a press conference that France is "qualified to negotiate a settlement with Russia on the basis of the 1944 treaty."



Daily Express, London

"Let's reopen that cherry tree affair. I'll bet he was shielding someone."

Figaro called the Brownell charges against Truman an "affront" which "cannot help but impair" the dignity of the Presidency, and *Combat* said:

"If America adopted the Soviet method of treating errors of judgment as treasonable acts, members of the present administration might get into trouble too."

The independent weekly *Express* called J. Edgar Hoover's testimony before the Senate Internal Security Subcommittee an "unprecedented event which can have dangerous consequences."

The Conservative daily, *Aurore*, describing Brownell's charges as "baseless," stated:

"A country is in danger of losing its liberties if even its Minister of Justice seems no longer able to distinguish between a conviction after a trial and the allegations made in a police report."

LONDON

Cecil F. Melville reports:

The Brownell attack on former President Truman and the effort to make political capital out of his alleged laxity toward communism have shaken British confidence in the Eisenhower administration's motives and shocked and dismayed all England.

The Conservative *Daily Express* stated that "Mr. Truman did more than any man to mobilize the world against Communist aggression," and called the charges a "malignant witch hunt."

The *Manchester Guardian*, citing the Truman Doctrine, Korea, NATO, aid to Europe and the Berlin airlift, said that "not even a Kremlin propagandist could . . . twist history in his own mind" to make the Truman record seem pro-Communist."

The *Times* asserted that "to the main allegations, which amounted to a charge of personal perfidy . . . and disregard for the national interest, Mr. Truman, of course, supplied incontrovertible rebuttals."

The Conservative *Evening News* expressed the general attitude when it asserted the charges were "designed to win back popular support for the GOP, so obviously lost in recent elections."

A major cause of British dismay is

Abendpost, Frankfurt

"Ugh! White Father heap red!"

fear of the damage the affair is doing to US leadership of the free world.

America, the *Manchester Guardian* stated, is respected primarily, not for its material wealth, but as the "country which by its own efforts threw off the colonial yoke, established democratic government, fought a civil war against slavery and fought two world wars against tyranny."

The newspaper warns that this respect will be lost if the US "is going down again to the level of the Teapot Dome, the Ku Klux Klan and McCarthy."

The *Daily Express*, commenting on the affair's international implications, asked:

"Has the US abandoned her role as a champion of democracy and an exponent of human freedom?"

The influential columnist "Scrutator," in the *Sunday Times*, compared the situation to Britain's seventeenth-century Titus Oates terror, when many Roman Catholics were barbarously butchered for treason on the unsupported testimony of a paid informer who later confessed his charges were baseless. "Scrutator" added:

"One man in America could stop this rot if he tried—President Eisenhower—but so far he scarcely seems to be trying."

BELGRADE

Eric Bourne reports:

The onslaught on former President Truman has dismayed Yugoslav friends of the US and given Yugoslavia's press the opportunity to insist that Western democracy is not superior, but inferior, to Belgrade's

own brand of Titoist communism.

The influential newspaper *Politika* commented:

"What is this so-called 'true parliamentary democracy' of Western Europe and the US? Why is it recommended to us as a first class product we should import?

"We can see no difference between the purges in some of the so-called Socialist countries and the similar activities of Congressional committees.

"When a former chief of state is accused of something which is obvious nonsense—and this not in Guiana but in a land of high standards of civilization—what can be said about the personal and civil liberties of the American worker, farmer and intellectual? Who cannot be accused as an enemy of the US?"

Borba, Belgrade's leading daily, said:

"The anti-Communist crusaders have reached the point where they feel they no longer need spare even the highest state leaders in the US."

ROME

Leo Lania reports:

Attorney General Brownell's attack on former President Truman in the Harry Dexter White case has provided ammunition for attacks on America by both the extreme Right and the extreme Left, each of which, for its own reasons, detests democracy and opposes Italian participation in NATO and EDC.

A powerful pro-rightist Rome daily, *Il Tempo,* which delights in denouncing the "hypocrisy of the democracies," wrote that a "dark shadow is across the figure of Harry Truman; the author of the Atlantic Pact is suspected of aiding communism."

The Communists and their Left Socialist allies regard the affair not only as an example of "democratic dishonesty" but as "proof" that accusations against the Communists themselves are equally political propaganda.

Such pro-American and middle-of-the-road newspapers as Rome's *Il Messagero* and Turin's *Stampa Sera* are stunned and bewildered, as is the average Italian.

Rome's English-language *Daily American* tells how two businessmen dumbfoundedly studying the headlines at a newsstand, hardly glanced up when a particularly luscious blonde passed by—most un-Italian conduct.

Instead, one asked: "What in God's name is happening to America?"

HONG KONG

Ron G. Whitehead reports:

"We're getting pretty used to all this hysteria by now, but when these witch-hunters go after a man like Harry Truman, who led the world crusade against communism for so long, it shakes faith not only in America's overall leadership but also in the national sanity of the US."

This comment by a business leader sums up the general Hong Kong reaction to Attorney General Brownell's charges against former President Truman.

The influential *South China Morning Post* stated editorially during Vice President Nixon's visit:

"The incessant squalid exchange of vituperation and recrimination and the wild-eyed statements made by persons in positions of high responsibility have all tended to undermine American prestige abroad."

The newspaper added that, while the US remains the "logical choice" for world leadership against communism, it is receiving only "lukewarm support" from its allies because it has "adopted the patronizing attitude of a rich man strewing alms among beggars [and] used aid as a lever for compelling compliance with American views and policies." It went on to say that the "mere ability to ladle out foreign aid does not give any nation the right to world leadership."

The only defense of Brownell came from the strongly pro-Chiang Chinese-language *Hong Kong Times,* which wrote:

"No matter what the outcome of the White case may be, it has attained the objective of heightening the sensitivity of the American people toward communism."

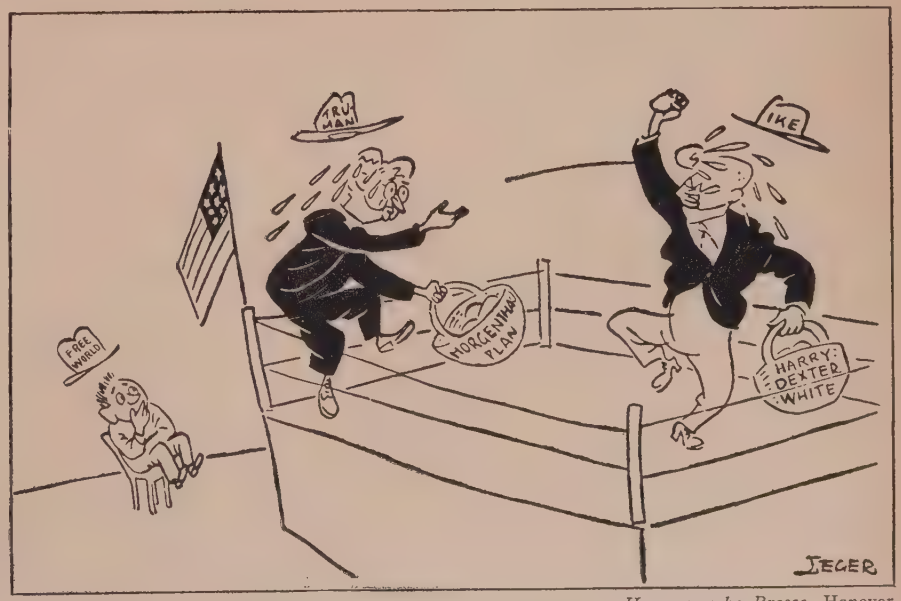
BOMBAY

Frank Moraes reports:

The general reaction in India to the Brownell charges against former President Truman was summed up by the Madras *Indian Express,* which called them nothing but a "witch hunt" with a "merely political" motive.

The *Times of India,* of Bombay, saw in the affair evidence that President Eisenhower was losing control of his party, and added:

"If the present trends persist, the President might be faced in a year's time by a hostile Congress with consequences that will extend beyond the borders of the US."



Hannoversche Presse, Hanover

Contest for Champion Rotten Egg Thrower of 1953

The Hatchet Girls of North Korea

On the afternoon of May 28, 1953, a young South Korean lieutenant, short, pudgy and well groomed, with neatly cropped dark hair, entered the office of Taegu's Chief of Women Police. Introducing himself as Lieut. Hong Hee Song, he asked interminable questions about everything from the police pay scale to counter-espionage activities.

Suspicious, the Chief excused herself and went into the next office. By telephone she ordered the lieutenant's arrest. What the police found after a routine examination gave them a real jolt: Lieutenant Hong was carrying two illegal automatics with 15 rounds of ammunition . . . and the lieutenant was a woman!

Hong Chong Hik, her real name, is one of the thousands of spies who have infiltrated into South Korea since the beginning of hostilities. The armistice brought a lull in fighting, but not in espionage.

Immediately after Hong was captured she put on an insanity act; she sang wildly, made strange noises and threw hysterical fits. The police, unable to get any information, decided to let the prisoner go and trail her. Before releasing her they returned her uniform and everything but her guns.

Hong ditched the detectives and grabbed a southbound train. In a routine spot check, the National Police asked her for identification when the train pulled into Miryang an hour later. Smiling confidently, she pulled out her name card, which read: "2nd Lieutenant Hong Hee Song, Cadet of Korean Military Academy in Taegu." But someone in North Korea had slipped up. You can't be both a cadet and a lieutenant in South Korea.

Again Hong tried her insanity act. However, Miryang Police Chief Yun Dong Win wasn't fooled. He got his confession by using "Korean police methods"—which he described as "kindness" in this case.

It turned out that Hong was on a special suicide assignment—to murder prominent South Korean women leaders. Taegu's Chief of Women Police was on her list, along with educator Helen Kim and National Assembly member Louise Yim.

I spoke to Hong in the little Miryang prison two months after her capture. With her flat, broad face and thick bull neck, she looked like a chubby adolescent. Her hair, not yet grown out of its man's cut, and her green army fatigues gave her a decidedly boyish appearance.

But Hong was very much a woman. With eyes averted and in a soft, shy voice, she told me she was twenty-six years old, the daughter of a wealthy South Korean family, the estranged wife of an ROK army officer and mother of a three-year-old son. At first she insisted she had been kidnapped by the Communists when they invaded South Korea in June 1950, but later admitted she went north on the advice of her former high school teacher, who painted a Utopian picture of life under the Reds and promised her a high position.

She said there were fifteen other women on the same assassination mission, each with five girls under her. None of the sixteen knew each other, but all were responsible to a woman leader named Pak Tai Sook, who reported directly to North Korean Premier Kim Il Sung.

She was sent, with other carefully selected girls, to a special political school near the North Korean capital, Pyongyang. There she studied Marxism, Soviet philosophy, secret codes, English composition and conversation, and, most important of all, American customs and male psychology.

At the end of this period, the girls, whose ages averaged twenty-three years, were given their assignments: office work, political surveys and, most commonly, seduction of American personnel. They were told that the best way to get military information was to become the mistress of an American soldier.

Last May, on her fifth mission in South Korea, she received her last assignment from Communist espionage headquarters—political assassination.

The Miryang police are holding Hong without trial until she keeps her promise to lead them to other members of her team. If she cooperates with them, her sentence will undoubtedly be lightened; if not, she will probably get death.

I talked to two other women spies, both serving life sentences. The first of them, Kim, is a soft-spoken, dark-haired North Korean widow with an air of quiet dignity. She told me that, when she came south with the Red Army two years ago, she believed her country would soon be unified and she could return to her children. But when the Communists made their hasty retreat three months later, they asked her to stay behind.

For the next two years she lived with her unsuspecting sister in Seoul, gathering information. Then her longing for her children led to downfall.

Kim chose a stranger, an herb merchant sneaking south, to carry her information because he was going to her home town. They made a deal: he would deliver her papers and visit her children, she would guarantee his safety.

The man was caught, however, and shortly after, Kim was arrested. Two days later she admitted she was a spy.

The second girl, Pak, is a pretty, twenty-seven-year-old South Korean college graduate who looks as if she should be at a Saturday night dance instead of behind bars in faded blue dungarees.

Twisting her hands nervously, Pak told me that though her family was wealthy, she was always conscious of class inequality. When she was a child, her father joined the Communists to work in the underground against the Japanese occupation.

Pak worked one year in Pyongyang and spent three months at the espionage school. Then the Communists sent her through the front lines disguised as a refugee. One week after she arrived, a refugee who worked for the South Korean police reported she looked suspicious. After searching her effects, the police had their evidence. Pak confessed immediately. —B.J.L.

News & Consequences

International events for the last month have patterned themselves around the US attempt to build a tight, anti-Communist defense system around the world. American efforts have been threatened by diverse problems of the free nations themselves--and by the Soviet diplomatic offensive which became a campaign to divide, distract, and delay organization of the free world. For their main target, the Reds picked a doubtful link, France, offering to "negotiate" in the two areas where France is most acutely sensitive: Germany and Indo-China.

AN OUTBREAK OF DIPLOMACY

Nov. 13 Molotov insists big powers (including Red China) confer on world tension before four-power talks on Germany.

Nov. 16 Allies reject Soviet-style five-power conference (with Red China); will not leave "Europe defenseless" to win Soviet agreement on Germany.

Nov. 17 French Assembly begins full debate on foreign policy. Major topic: EDC.

Nov. 20 French Foreign Minister Bidault urges France to ratify EDC; seeks assurance Britain, US will keep troops in Europe.

Nov. 26 Belgian Chamber of Deputies ratifies EDC treaty by 148-to-49 vote.

USSR proposes Big Four foreign ministers meet in Berlin to discuss German unity, European mutual security system; wants Red China in "future" conference.

Nov. 27 French Premier Laniel wins confidence vote (275-244) on foreign policy, vague commitment to "United Europe."

Nov. 28 Hague foreign ministers' meeting ends without deciding on European unity; Bidault absent from most of talks.

Dec. 8 Bermuda conference ends; Allies accept Soviet offer of Berlin conference on German unity; suggest Jan. 4 as date.

In UN speech, Eisenhower calls for new talks to find "a solution" for atomic arms race; pooling of atomic resources (under UN auspices) for peaceful use.

Dec. 9 Moscow radio blasts Eisenhower for "threatening atomic war"; insists old Soviet plan of a ban on atomic weapons must be the first step to any international "solution."

BALANCE SHEET: About-face on a German conference brought to life the Soviet diplomatic offensive, virtually extinct after the previous Soviet rejection (Nov. 3). But even this bombshell failed to topple the Laniel government on Nov. 27. France, however, has not committed itself to EDC, and the Chamber debate revealed formidable opposition. Washington is still basing its defense plans on the European Army with France in it; at the Bermuda Conference, Eisenhower refused to consider British alternative: admitting Germany to NATO.

TEMPTATION IN INDO-CHINA

Nov. 12 Premier Laniel says France seeks no "unconditional surrender" in Indo-Chinese war, but "an honorable solution."

Nov. 27 High Council of French Union declares Indo-Chinese states equal with France.

Nov. 28 In Vienna, World Peace Council (a Red front) asks direct negotiations between France and Indo-Chinese rebels.

Nov. 29 Stockholm paper quotes Communist rebel leader Ho Chi Minh as "ready to meet" French armistice proposals.

Dec. 1 Viet Nam ruler Bao Dai says only solution is "military defeat" of Reds, claims that France bypassed Viet Nam in its peace feelers.

Dec. 2 France "and Indo-Chinese states" will consider Ho's armistice offer if made through an "official channel."

Dec. 3 Premier Tam of Viet Nam asks France to make "precise" cease-fire proposals.

Dec. 4 Communist-led World Federation of Trade Unions proclaims Dec. 19 worldwide "day for a cease-fire in Indo-China."

A NIBBLE: Red propaganda build-up before and after indicates Ho Chi Minh's vague offer of an Indo-Chinese armistice was aimed at war-weary Frenchmen. Public opinion, as well as military stalemate, forced Laniel to take the gesture seriously--even though it may split France and Viet Nam. If the Indo-Chinese think France is going to pull out, they may come to a quiet "understanding" with Ho's Communists--and their massive neighbor, Red China.

TRIESTE: THE MORNING AFTER

Nov. 19 Yugoslavia, Greece, Turkey sign Balkan mutual defense pact.

Nov. 21 Italy agrees to five-power Trieste conference without prior guarantee that Zone A will be Italian.

Nov. 23 At US request, UN Security Council postpones Soviet-sponsored Trieste debate.

Nov. 27 Greek Premier Papagos predicts no more progress in Balkan military alliance until Yugoslavia becomes NATO member.

Dec. 5 Italy, Yugoslavia agree to withdraw troops from Trieste border area.

GET-TOGETHER: Withdrawal of troops, end of retaliation, clears way for a compromise on Trieste, but national pride will make bargaining hard. Despite Balkan entente, West's Mediterranean coast defense line cannot be completed until Italy and Yugoslavia join hands at Trieste.

KOREAN WAR OF NERVES

Nov. 13 Vishinsky charges US wrecking Korean conference talks; asks UN to intervene.

Nov. 15 Nehru says that if 120-day POW "explanation" period expires, and Korean conference has not started, UN and Reds must discuss POW status "afresh."

Nov. 17 Dulles says armistice calls for POWs to be freed after 120 days (Jan. 22).

Communists again cancel POW explanations sessions at Panmunjom.

Nov. 22 Rhee agrees to nationwide elections in a unified Korea.

Nov. 23 Red China signs 10-year economic pact with North Korea: cancels Korean war debt, grants $317 million in aid; sets up joint airline.

Nov. 28 At Panmunjom, US Ambassador Arthur Dean proposes to admit neutrals (Burma, India, Indonesia, Pakistan) to Korean conference as non-voting observers.

Nov. 30 Communists suggest conference at New Delhi, Dec. 29, with neutrals (including USSR) as non-voting observers.

At UN, US delegate Lodge charges Communists killed 38,000 UN soldiers and ROK civilians behind the lines in Korea.

Dec. 2 UN starts explanations to ROK prisoners resisting repatriation; no converts.

Dec. 3 Dean warns insistence on USSR as neutral could delay conference "forever." UN Assembly condemns "such acts" as Korean atrocities; voices "grave concern," does not assign specific guilt.

Dec. 7 Dean submits full resume of US proposals for conference at Geneva; Reds reject it. South Korea boycotts session, refuses to admit any neutrals.

UN Assembly agrees to recess; a "majority" of nations can reconvene it for debate on Korea.

Dec. 8 Red Chinese Premier Chou appeals to UN to end US "obstruction" of Korean conference.

Dec. Dean threatens to break off talks; US offer is "final," Reds "apparently do not want a political conference."

KILLING TIME: Red negotiators are stalling; they want a Korean conference "later"--if at all. By also stalling POW explanations, they build up the potentially explosive issue of their release, which could embroil the US with India and impatient South Korea. A prolonged impasse might also reopen debate on Korea in the UN--which the US does not want.

ASIAN NATO?

Nov. 12 Pakistani Governor-General Ghulam Mohammed and Foreign Minister Zafrullah Khan meet with Eisenhower, Dulles in Washington.

Nov. 15 Nehru says India would regard any US military aid to Pakistan in return for bases as an unfriendly act.

Nov. 16 Dulles denies any negotiations with Pakistan for bases; pledges US will not arm Pakistan for war against India.

Nov. 19 In Tokyo Vice President Nixon calls anti-arms clause in Japanese Constitution a mistake made by the US.

Nov. 20 Senator Knowland, General Romulo urge new Philippine President Magsaysay to organize an anti-Red Asian alliance.

Nov. 22 Nixon says Philippine problems are Magsaysay's first job; but urges "serious consideration" of a plan to unite free Southeast Asia under US leadership.

Nov. 28 Syngman Rhee visits Formosa to arrange alliance with Chiang; calls for anti-Red front by all free Asian countries.

Dec. 1 Soviet note asks Pakistan to clarify reports of arms-bases deal with US; Pakistan rejects inquiry.

Prime Minister Mohammed Ali tells India Pakistan is not offering bases to any foreign country.

OVERTURES: A formal alliance of free Asia against the Communist threat is taking shape in US policy. Chief obstacle to a US-Pakistan mutual aid treaty is not Pakistan's fear of Russia, but her neighbors' fear of Pakistan. Territorial disputes (such as Kashmir), as well as neutralism, make both India and Afghanistan dread a well-armed Pakistan. Meanwhile, Rhee and Chiang (backed by American diehards) are taking the initiative in forming a militant Far East alliance to head off any compromise with Red China by the Administration.

UNSNARLING THE MIDDLE EAST

Nov. 12 Israel asks UN meeting with Jordan to settle differences.

Nov. 14 Jordan rejects cooperation with Israel in US-sponsored Jordan River "TVA."

Nov. 16 US, Britain, France introduce Security Council resolution condemning Israel for Kibya border massacre.

Jordan rejects UN meeting with Israel.

Nov. 17 After Middle East trip, Eric Johnston believes Jordan Valley TVA will eventually be accepted.

Nov. 23 Israel invokes armistice article to force Jordan into negotiations.

Nov. 24 Security Council votes (9-0) "strongest censure" of Israel for Kibya incident.

Dec. 5 Britain, Iran resume diplomatic rela-

tions; are "confident" of settling oil dispute.

Dec. 6-7 Iran crushes anti-British demonstration by pro-Mossadegh students and followers of fanatic Moslem leader Kashani.

Dec. 7 Israeli Foreign Minister Moshe Sharett replaces Ben-Gurion as Premier.

A BEGINNING: The Middle East, strategic pivot of Asia, Africa and Europe, remains unmobilized for Western defense. New US austerity to Israel is only the first step in ending Arab antagonism. Arabs' main talking point against settlement with Israel is finding a home for Palestine refugees; yet US solution, Jordan Valley development, requires cooperation of Jordan, Syria and Israel. New regime in Iran has boldly cleared first roadblock to agreement with the West, but faces ticklish job of rolling back anti-British nationalism.

NO SECOND LINE IN AFRICA

Nov. 13 British Foreign Secretary Eden charges Egypt spending large sums to influence first Sudan election; Egypt charges pressure by local British officials.

Nov. 23 British report 213 Mau Mau terrorists killed in Kenya in preceding two weeks.

Nov. 29 Returns from 90 of 97 Sudan districts show victory for pro-Egypt National Union party: wins 47 seats to 19 for UMMA party (pro-independence or Commonwealth); independents win 13 seats; Southern party (Negro tribes), 9.

Nov. 30 Britain deposes King Mutesa II of Buganda after he demands separation from rest of African protectorate, timetable for Buganda independence.

Dec. 3 Buganda council requests Britain to restore Mutesa, but will accept regency.

Dec. 5 UN votes to continue investigation of Union of South Africa's racial policy.

DISTINTEGRATION: With old Middle East strongholds (like Suez) gone or going, Britain plans a second line of defense for the West across East Africa: the Sudan, Kenya, Uganda, Tanganyika. Local factionalism was partial cause of pro-Egyptian election results, but Britain can no longer count on the Sudan. Racial antagonism undermines British efforts to hold onto other possessions and unite them in a larger, economically stronger federation. Kenya is wracked by tribal rebellion; stable, homogeneous Uganda is now in crisis, largely because King Mutesa feared eventual amalgamation with Kenya and its white ruling class.

GLIMPSES THROUGH THE IRON CURTAIN

Nov. 17 US charges East German Reds use "brutal terror" to crush opposition; Reds arrest hundreds of "US spies."

Nov. 25 East Germany eases east-west transit by abolishing interzonal pass system.

Nov. 30 Hungary liberalizes labor code: limits overtime, guarantees extra pay, ends fines for being late, etc.

UN gets report Soviet bloc still holds 250,000 Germans, 85,000 Japanese, 63,000 Italians from World War II.

Dec. 2 Japanese POWs returned by USSR report intensive atomic build-up, new jet air bases in eastern Siberia.

Red Chinese troops move into eastern Tibet to quell anti-Communist revolt.

Dec. 3 Pavel Yudin, top Soviet trouble-shooter in East Germany, appointed ambassador to Red China.

Dec. 8 Red China closes province of Sinkiang on Russian border to foreigners; India forced to shut down consulate.

Uncle Sam's Collective Brain

WHETHER or not the public ever learns the inside story of the Bermuda Conference and its workings, it may be boldly asserted that President Eisenhower and Secretary of State Dulles were better prepared than their opposite numbers, Churchill and Eden, Laniel and Bidault. The reason: a little known but vastly important institution of the United States government—the National Security Council.

Because this institution has become an extraordinarily efficient and successful instrument of policy-making in international affairs, the shortcomings of personal diplomacy have been almost completely exorcised from the conduct of American foreign relations. The NSC is above all but the highest forms of politics, and as the Republican administration realizes, it provides political insurance against the errors of caprice, vanity, ingenuousness, ignorance, misunderstanding, quixoticism, utopianism and impetuosity that the GOP likes to find in the records of Yalta and Potsdam.

If Malenkov or Molotov ever sits down at a Big Five table he will face on the US side not just another man but the business end of a kind of mechanical brain. The National Security Council is not exactly an electronic computer, but it is analogous to such devices because its function is to be stuffed with every conceivable bit of pertinent information and then emit a policy recommendation on the basis of the evaluated facts. When approved by the President, its answers constitute the position of the government of the United States, binding upon all officials.

Since the machine has been working at a great rate lately but still has a backlog, two assumptions may be made: first, that few questions arose at Bermuda on which NSC positions were not available to the President and the Secretary of State; second, that on any questions for which positions were not available, the Americans did not commit themselves.

This vital organ of government is relatively new, having been created by the National Security Act of 1947. It was modeled on the British Committee of Imperial Defense. If anything like it exists in any great government of the world today (its British prototype withered away as the imperial destiny shrank) the secret is being closely guarded. The President is chairman; its members are, by law, the Vice President, the Secretary of State, the Secretary of Defense, and the Director of Foreign Operations. Others may be invited: for example, Secretary of the Treasury Humphrey is a busy participant and Admiral Radford sits in and speaks as chairman of the Joint Chiefs of Staff.

The documents issuing from the NSC are stamped "Top Secret," and the same classification applies, literally or figuratively, to almost everything connected with the outfit. Even the most aggressive reporters leave the Council pretty much alone, and the most vigorous exponents of the concept of open covenants openly arrived at cooperate to guard what they know about NSC secrets. Offhand, this writer can think of only four items of major US policy which can unquestionably or reasonably be identified as NSC decisions, out of a total which is now believed to be somewhere between 150 and 200.

THE first NSC decision appears to have been on Trieste. This is ironical, because one of the very few important decisions not cleared through the NSC—why, nobody seems to know—since the Republicans took over was the Anglo-US announcement of October 8 that administration of Zone A would be relinquished to Italy. The consequences of that particular reversion to personal diplomacy by Mr. Dulles have served to make the NSC look all the better.

But the problems of 1953 were made more difficult by what may be tentatively designated "NSC 1," for that decision was behind the Anglo-US-French declaration of March 20, 1948, recommending the return of the Free Territory of Trieste to Italian sovereignty. The declaration was made, of course, to strengthen the pro-West parties in the then upcoming Italian elections, and is particularly interesting because it reflects a Council judgment in favor of an immediate gain at the expense of a long-term solution.

ANOTHER Council decision, known to lay historians as "NSC 68," embodied the policy described by Secretary of State Acheson as "building situations of strength." This is believed to be the one Acheson referred to early in 1951 in rebutting the "Fortress America" arguments of former President Hoover and others. "The National Security Council," said Acheson, "has rejected this policy because it concludes that it is a self-defeating policy and one which could lead only to surrender or to defeat."

President Eisenhower has announced that the Council favors the St. Lawrence Seaway "for national security reasons," a recommendation illustrating the fact that the NSC takes the security of the home front under its wing, along with foreign policy.

The decision this fall to provide France with an additional $385 million to bolster her effort in Indo-China has been pretty well taped as the Council's product. That one leaked, probably through some member of Congress who had to be informed, and the only way to describe what happened around the NSC when the news got out is to say bluntly that there was hell to pay.

Reports have been published that an NSC decision on continental air defense is completed; there is certainly no doubt that it has been in the works. One is also inclined to believe that there is in existence somewhere an NSC paper called "US Policy Toward Communist China." Conceivably, this was the basis for

Mr. Dulles' recent remarks accepting the possibility of normal diplomatic relations between the US and Mao's regime some time in the future.

NSC determinations are not so rigid and detailed that they leave our diplomats no elbow room. Much has been made, for example, of the fact that in conversation with Nehru in New Delhi, Mr. Dulles in effect informed Peking that the United States was prepared to widen the Korean War if the Red Chinese resisted an armistice. In Dulles' view, this roundabout approach contributed greatly to getting a truce. The NSC certainly had not suggested that Dulles put this particular bee in Nehru's bonnet. What Dulles did have behind him was the Council's agreement that the US should widen the war if necessary. Thus armed, he was in a position to exploit the opportunity presented by his talk with Nehru. In other words, NSC determinations do not make flexible diplomacy impossible; they do make it more surefooted.

THE fragmentary evidence available indicates that NSC papers are general rather than particular and deal with long range rather than day-to-day issues. Congress has imposed on it at least one somewhat narrow function—determining what exceptions may justifiably be made to the ban against US aid to foreign lands shipping certain goods to the Soviet bloc.

The general scope of NSC policy-making may be indicated, however, by mentioning one matter that the NSC did not work on. The "Harry Dexter White spy case" initiated by Attorney General Brownell had significant effects on the prestige of the US abroad and led specifically to some friction in our relations with Canada. These aspects of the case suggest that the National Security Council might well have been given a chance to look it over before it was set in motion.

Better use of the NSC was one of the things Eisenhower talked about in the campaign, and when he took office he found every reason to go through with his plan. Since he made no pretense of being an expert on foreign policy or Treasury matters, the development of a mechanism which could pull all relevant factors into a comprehensible balance sheet was a logical means of bridging the gaps in his information.

The man he named to accomplish this was Robert Cutler, one of the inner circle on the 1952 campaign train. Without quite knowing why, everyone connected with the NSC calls the naming of Cutler as staff supervisor the greatest thing that ever happened to the Council. A "proper Bostonian," his background was aptly suggested by a gibe in a recent issue of the *Democratic Digest* quoting a Beacon Hill clubman as agreeing that Cutler was becoming prominent, but "only on the national level." He is a novelist, a Victorian, and a bachelor who in Washington lives almost as a recluse; he works unflaggingly and seems to find relaxation in telling dark blue stories at the conference table. He drives the NSC without mercy, making the members do their "homework" before the Thursday meetings—quite a trick in view of their cabinet rank. Cutler absolutely refuses to talk with reporters.

The auxiliary organs of the NSC have been remodeled and enlarged under the Eisenhower-Cutler administration. The processing of material on its way to the Council from the departments has been improved and, most important, a follow-up mechanism created which really seems to work. This is the Operations Coordinating Board, the healthy child of a puny parent known as the Psychological Strategy Board. The OCB gets NSC decisions after they have the President's okay and checks the agencies and departments, making sure the bureaucrats are doing what the boss has ordered. The total effect is to heighten the impression that to a greater degree than usual all branches of the government are going in the same direction at once.

Sub-President, Super-Diplomat

The Constitution kisses off the Vice President with a few words about his election, his succession to the Presidency, and his function: to preside over the Senate and vote in case of a tie. The need for firm definition of the Vice President's rights and privileges, however, becomes acute when he begins to rattle around in foreign policy, as Mr. Nixon has been doing lately, and becomes critical when he appears to be dissenting from the pronouncements of the established authority in the field, as happened during his visits to Formosa, Indo-China and Korea.

The President is head man in foreign policy. The Secretary of State is his adviser and executive agent, with wide but imprecisely defined rights of acting on his own initiative. If the Vice President is to be added to the team, where does he fit in? Is he subordinate to the Secretary of State? Not likely. Co-equal? An untidy situation. Somewhere in between the Secretary of State and the President? A potentially troublesome alignment.

ON HIS unusual journey to the Far Eastern world, Nixon doubtless took with him a Presidential commission as a roving representative, but he himself seems not to have been wholly clear as to the limits of his powers or of his liberties. Back in Washington, Secretary Dulles indicated that the United States might under certain conditions be prepared to recognize the Red Chinese government. Almost immediately word came back on the news wires that Nixon seemed to be angered by Dulles' words, and a day or two later, while visiting the Chinese Nationalists on Formosa, he said that Dulles really meant that the Peking regime must abandon communism to receive diplomatic recognition.

In Indo-China, the Vice President asserted that "it is impossible to lay down arms until victory is completely won." This nettled the French, who reject "unconditional surrender" as a war dogma, and may well have puzzled them too, in view of the inconclusive truce in Korea.

In Seoul, Nixon pledged support to Syngman Rhee in terms that might have encouraged the South Korean President in his dangerous desire to unify the peninsula by force of arms.

These things can hardly be said to represent smooth diplomacy. They raise the question: was Nixon underinformed or misinformed, or was he taking it upon himself to deliver public challenges to US policy? And this is not the sort of thing that can be

justified by Nixon on TV. If he is blameless, the only conclusion is that the US government is not of one mind on policy.

When word of the Vice President's Formosa statement reached Washington, the complete text of Dulles' comments on China policy (which may have reflected the NSC position) was cabled to him. He replied that his attitude had been misrepresented, and with these formalities completed, relations between Nixon and State were considered to be resumed.

But people at State know that reporters from the three American wire services were traveling with the Vice President. The techniques of slipping information to the press without committing the source are well known in Foggy Bottom. If the wire services reporters cabled leads, as they did, that Nixon was "understood" to be angered by what Dulles said, any State Department supernumerary could justifiably conclude that Nixon had done a nip-up, sounded off, and said, "Don't quote me." If his eventual disclaimer made things all correct, it did not make them cordial.

It is hard to believe that Nixon was underinformed or misinformed. He is a member of the National Security Council and must have known the trend, at least, of policy toward Red China and the settled positions on Indo-China and Korea.

The evidence supports the conclusion that Nixon, being a sort of what-is-it, part Congressional, part executive, took a great deal on himself in his public pronouncements. Inquiries at State as to what kind of reins were held on the touring official brought the reply that he had general instructions and some specific missions, and that he checked in from time to time, but that it was obviously impossible to guide or control his every word.

Mr. Eisenhower's attempt to make the Vice President something more than a ceremonial stand-in for the President and a frustrated decoration on the Senate rostrum is generally applauded. The Nixon tour, however, reveals the danger of permitting an inadequately institutionalized emissary, particularly if he is opinionated, impetuous and ambitious, to toss around the implied authority of high United States office in odd corners of the world where it might hit something delicate. Clearly some sharp and firm definitions need to be written, perhaps even with constitutional weight behind them, if the Vice Presidency is to become a going concern.

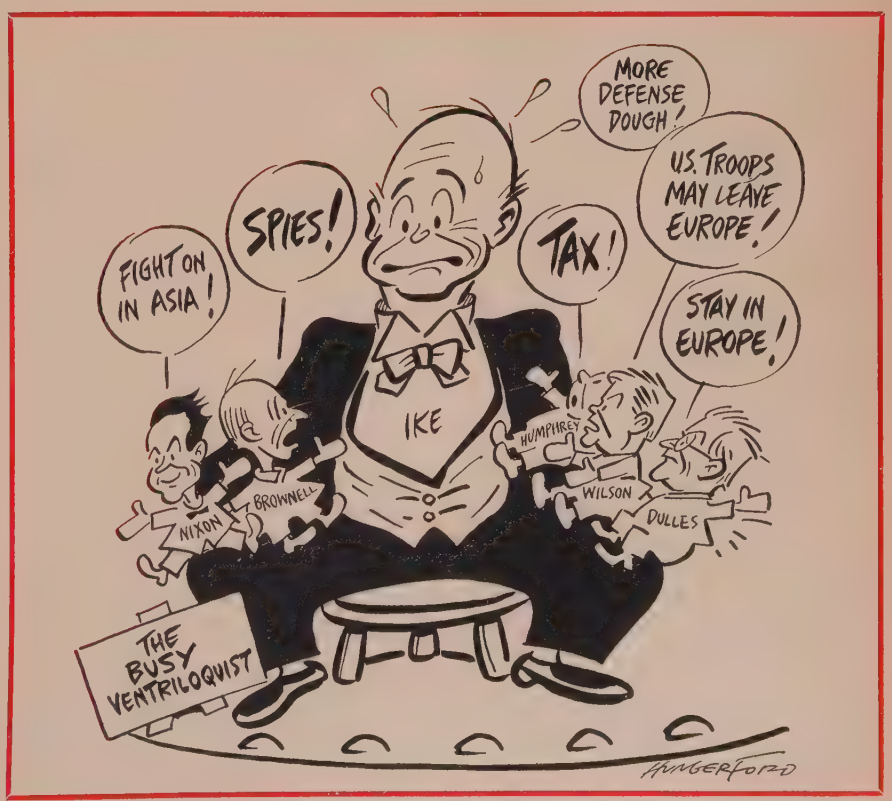
Free Lance in the UN

The question of controlling the actions of United States representatives in foreign relations arises also in respect to the Ambassador to the United Nations, Henry Cabot Lodge. What is not generally realized is that Lodge is not "instructed" by the State Department in the technical diplomatic sense of the word.

This is important, because word has reached Washington that some Western delegations find Lodge hard to cooperate with when a united front seems called for. More than one colleague from a friendly nation has reached the conclusion that Lodge is more occupied with personal political ambition than he is with the demands of international teamwork.

These judgments may be wholly unfair to the United Nations Ambassador; Washington does not yet know how widespread they are. As for the imputation of political ambition, that is a handy allegation to make when personalities rub each other the wrong way. Nevertheless, the UN delegation is getting more attention here as a result of these reports.

The free-wheeling nature of the UN mission goes back to the time when President Truman eased the late Edward R. Stettinius out as Secretary of State to make room for James F. Byrnes. He gave Stettinius the UN job in order to cause the least possible damage to his prestige. However, tying a former Secretary to the State Department's apron strings was a rather ticklish business, and Mr. Truman solved the dilemma (Mr. Byrnes concurring) by cutting the ambassador loose. Today, Lodge attends cabinet meetings to keep up with policy, and is subject, of course, to Presidential orders. State Department juniors may brief him. Tight coordination between US policy and the United Nations, however, is not assured by these makeshift arrangements.



WORLD Drawing

"Did I say that?"

The UN Helps The Have-Nots

By DAVID OWEN

The gentlemen of the United Nations (see the cartoon opposite) are pledging money, goods and services with varying degrees of enthusiasm to one of the world's first concerted efforts to help itself to greater prosperity by peaceful means: the Expanded Technical Assistance Program of the United Nations. Receiving the money is David Owen, Executive Chairman of the UN Technical Assistance Board (center), happily supported by fellow UN executives. In the following article, written exclusively for WORLD, Mr. Owen explains the working of his organization and the assistance it gives, in the form of expert services or research fellowships, to nearly a hundred nations in a great program dedicated to the advancement of underprivileged peoples.

LAST year in the course of a swing around half the globe, I found abundant evidence to confirm my old conviction that if we want peace we must plan for prosperity. Nowhere is this relationship more vivid than in Southeast Asia, where millions of our fellow world citizens are no longer apathetically resigned to poverty, ignorance, and disease, but are restlessly searching for some kind of answer to their problems. The kind of answer they will find—rational or irrational, peaceful or violent—depends on the answers which are offered, the kind of aid by which they are accompanied and, above all, the spirit in which such aid is given.

On a small and still entirely inadequate scale, the United Nations Expanded Technical Assistance Program is now providing one acceptable answer—a plan which sets out to help economically underdeveloped countries to make improved use of their own economic resources without political "strings." The program is operating in nearly one hundred countries and territories; and, although it is no more than three years old, encouraging reports of its practical achievements come in every day.

It is a down-to-earth program. Most of its many hundreds of projects are modest, and aimed at strictly limited results. But their specific effects are already manifest.

In Burma, for example, a teak-logging scheme was launched two years ago. Teak is one of the world's classic timbers, like the cedars of Lebanon and the sturdy oaks of England. For centuries it has been prized for ships, buildings and other uses where durability and strength are required.

But the world's demand has taken its toll of the teak trees in the Burmese forests and, if they are not to become, like the English oak, a raw material of legend rather than use, every step from tree to board must be subjected to strict rules of conservation. The task of protecting the remaining forests and using less valuable timbers whenever possible requires a specialized knowledge and skill which countries like Burma and India have still to learn. This is the kind of situation in which technical assistance can be most useful.

Burma is well aware of the importance of conserving teak. Shortly after the TA Program was launched in 1950, the Burmese government asked the UN for an expert to advise it on introducing modern methods of mechanical logging. The expert for the project was found in Germany.

NEW, more economical methods of logging were part of the answer to this problem; there still remained the possibility of conserving teak by substituting less valuable timber for some uses, particularly in building. To explore this alternative, the UN expert arranged for samples of other Burmese hardwoods to be sent to Germany, where they were tested for suitability in making building boards. The tests were successful; a wide range of building boards was produced. Two experimental prefabricated houses were built with the newly discovered teak substitutes, and a pilot plant has now been erected in Rangoon, where further possibilities are being explored and workers are being trained.

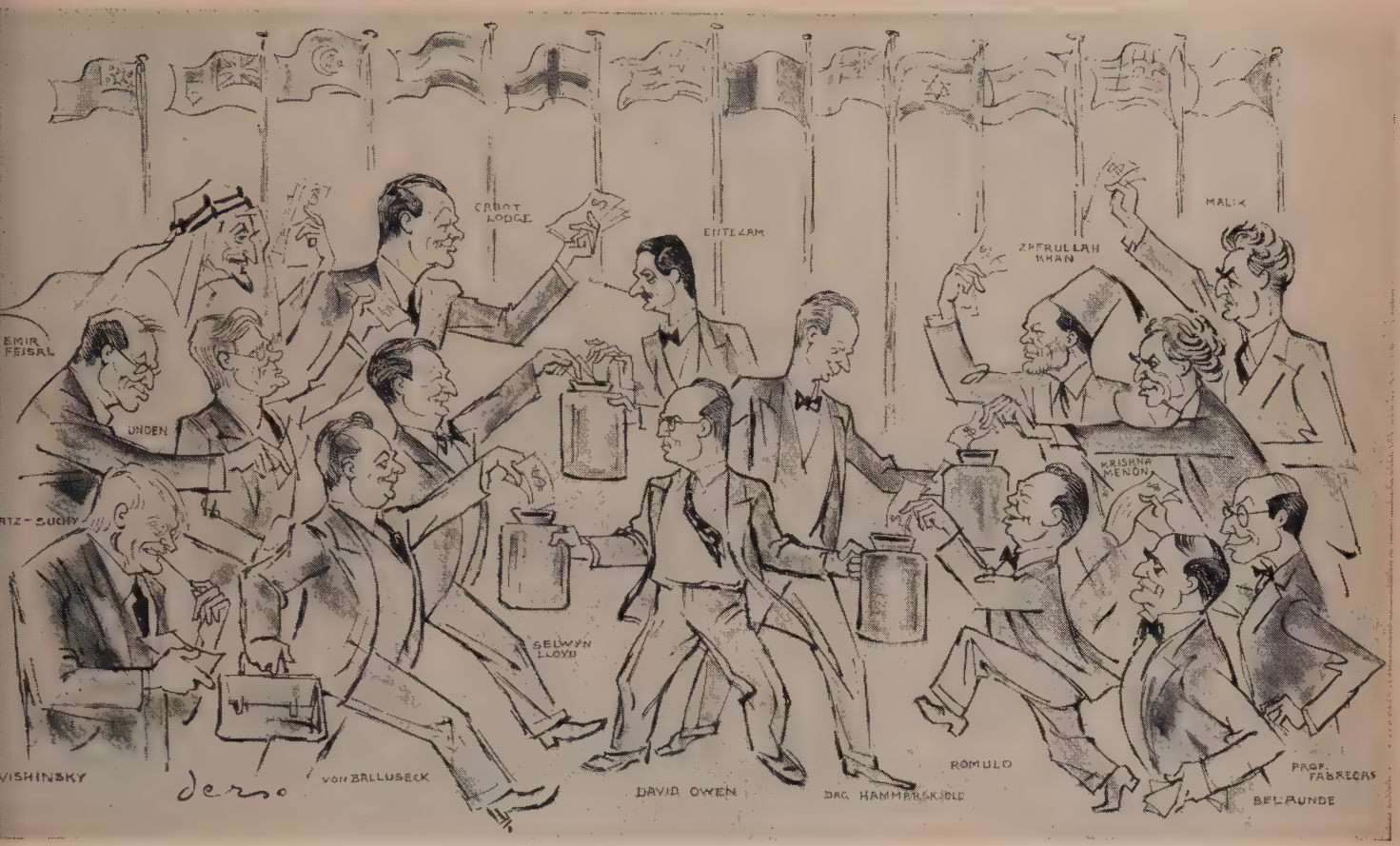
That is how technical assistance works. Its initial benefits tend to expand. Burma needs additional income from exports to buy goods abroad for her economic development. With the knowledge supplied by the program, she may be able not only to earn more herself but to supply more to countries that have a steadily expanding demand for teak. Burma's gain is, therefore, a gain for the world, a stimulus to international trade.

Furthermore, unsuspected opportunities have been revealed in Burma's own resources. Even if capital is needed for their full exploitation, capital can usually be attracted to an industry which supplies a world demand.

THE UN's Assistance Program is truly international in character. It is financed by voluntary contributions from governments which are members of the United Nations itself or of its Specialized Agencies. During 1953, 69 governments pledged $23.4 million for the central fund of the program. This amount will probably be exceeded in 1954, for which 62 governments and the Holy See have already pledged $23,774,727.

But financial contribution is only one aspect of the international cooperation involved. Since the program began, nearly four thousand experts have been sent to almost a hundred countries and territories and more than four thousand fellowships have been awarded. These experts do not come from only a few economically advanced countries; in their ranks nearly seventy nations are represented, including the underdeveloped countries.

This interchange is important, because many underdeveloped countries have types of skill and experience which others lack, and vice versa. Moreover, these skills can, in most instances, be readily transferred because they have been evolved in countries with similar social institutions and in a similar stage of general tech-



WORLD Drawing

Fund-raising for UN Technical Assistance

"Could any of you gentlemen spare a little something to help everybody?"

nological development. Very often, complicated techniques cannot be used in the early stages of development, whereas the simpler methods of the intermediate stages can. The fact that the United Nations Technical Assistance Program recruits its experts on an international scale therefore not only promotes genuine international cooperation but also offers very real, practical advantages.

Here are just a few examples of this multinational interchange: a shipbuilding expert from the United Kingdom is working in Yugoslavia; a Yugoslav expert on another branch of ship building is working in Ecuador; an Ecuadorian expert is working on educational problems in Bolivia; a Bolivian is helping to combat disease in the Philippines; a Filipino is helping to eradicate malaria in Formosa; and an expert from Formosa is demonstrating fish culture in Haiti.

The main effort of the Expanded Program is to help underdeveloped areas to help themselves. As with teak in Burma, technical know-how in hundreds of other projects is revealing opportunities which have so far been largely neglected. Extensive areas in the Indus Valley in Pakistan, for instance, have become unfit for cultivation because, over the years, they have become waterlogged and saturated with salt. It is estimated that, by the reclamation of these lands, some twenty million acres could be added to Pakistan's cultivable area, with a proportionate increase in food output.

Since 1951 this problem has occupied a team of experts from the Technical Assistance Program in cooperation with experts from the United States and from the Commonwealth Colombo Plan. Demonstration areas were selected and, with the aid of an aerial survey carried out under the Colombo Plan, soil maps and land classifications have been prepared. Following expert recommendations, Pakistan is sinking tube wells which will take water from the submerged areas and transfer it to irrigate arid land elsewhere. It is a long-term project, but exploration is over and the initial phase is already well under way.

In Afghanistan, cotton yields have in some instances been increased by 40 to 50 per cent by adopting improved methods of cultivation introduced by a Technical Assistance expert. This has made it possible for the government to proceed with plans to expand the cotton textile industry on a comparable scale.

In the factory as well as the field, output has been raised by relatively simple improvements. The annual product of a food processing plant in Israel was nearly doubled by a simple rearrangement of operations. In Pakistan the output of iron foundries was considerably increased by new processes introduced by a Scottish expert. Neither of these projects required significant modification of the existing plants.

Such examples point to the close relation between a technical assistance program and the supply of capital. Capital is one of the scarcest factors in underdeveloped countries, and a

Technical Assistance program may ease this dearth from several different directions. It may (1) promote capital procurement; (2) economize on the need for capital; (3) help make the best use of whatever capital is available.

Afghanistan illustrates an indirect but nevertheless effective means of promoting capital. One of the country's main assets is karakul sheep—a major source of export earnings. This industry provided the basis for a guarantee against a loan of $21 million from the Export-Import Bank, and that money is being used for the Helmud River Valley development scheme. The Expanded Program entered the picture with a team of experts who have been studying the diseases and general care of karakul sheep. Their advice and knowledge have helped enormously to preserve and improve one of Afghanistan's biggest assets.

A Burmese railway official who had studied in Britain under a Technical Assistance fellowship saved his government a great deal of money by showing that the planned mechanization of an important freight yard near Rangoon would not be necessary; much simpler and less costly methods which he had learned in Britain could be applied. Thus, a United Nations project helped to conserve capital in one field, leaving more money available for another.

But some of the greatest savings are made when capital goods themselves are delivered and put to use. Here proper operation, maintenance and repair can greatly increase the life and efficiency of the equipment and save as much as the annual interest bill.

India, for instance, is one of several countries which have purchased agricultural machinery with loans from the International Bank for Reconstruction and Development, the Export-Import Bank, or other sources. Technical Assistance experts have been advising the state government of Uttar Pradesh on the efficient operation and maintenance of farm machinery, the organization of workshops and the training of mechanics. As a result, nearly 50 per cent of this particular tractor fleet, which was almost derelict, has been put back into operation. In this way many thousands of dollars' worth of valuable equipment has been salvaged.

Ceylon has obtained a great deal of heavy farm and irrigation equipment, and has utilized the advice of Technical Assistance experts to effect considerable savings in operating and maintenance costs. The working life of heavy-duty tires in Ceylon, for example, was increased by 10 per cent. The output of one repair workshop was increased by nearly 25 per cent.

It is not so much the immediate consequences of Technical Assistance that are important in the wider problem of general economic development. Obviously a program of $20 million spread among so many countries is not going to have a great impact in itself. But the few examples I have given show, I think, how Program projects create new possibilities and stimulate new attitudes.

A program of purely technical assistance should not be a large operation. The present program would probably reach its optimum level at slightly more than the double the current scale of activity. Opportunities for multinational technical assistance would by no means be exhausted at that point, but no great advance can be made unless a way is found to finance the development projects which Technical Assistance has launched and stimulated.

The Expanded Program is a unique experiment in international endeavor which attacks a worldwide problem in a worldwide manner. In its short life it has achieved valuable results and has shown that even greater ones can be achieved by using all the world's knowledge to benefit all the world.

Here's how: *David Hurdidge (right), a Welsh expert enlisted by the UN, shows a worker in a Yugoslav steel plant the best way to test a galvanizing flux.*

Kremlin Forecast: Soviets Leading from Weakness

THE Russian crisis which was precipitated by the death of Stalin has moved into its second phase. Army, state and party are caught up in the acute political and economic situation at home. This is determining Soviet action in the foreign field.

In all essential parts the current Five Year Plan has gone to pieces. The short-term targets for food products and consumer goods demand a tempo that makes the sky-rocketing percentage increases of the Stalin era look small. Early in October, government and party called for hundreds of new food factories, cold storage plants and warehouses, many of them to be completed in 1954. But in December *Pravda* admitted that these same projects were not even in the blueprint stage. In September the highest party authorities decreed that the cattle herd must increase by 20 per cent in one year. But in the last week of November *Pravda* had complained editorially that some of the largest cattle areas held less fodder than in 1952.

The grain crop, which must feed more than 213 million Russians this year, is still smaller than the goal set in 1942, when the USSR planned on only 180 million people.

The Byelorussian potato crop has failed, and by November 20 only 42 per cent of the Ukrainian crop had been delivered. Most of the Ukraine's remaining 58 per cent probably froze in the fields, since winter struck hard and early.

Government and party leaders have made specific pledges for 1954 which cannot be fulfilled. They promised 34 per cent more butter than in 1952, 57 per cent more margarine, and 32 per cent more sugar, plus quantities of ice boxes, washing machines and vacuum cleaners.

Students of Soviet affairs are asking themselves why party and government leaders up to the middle of November continued to heap promise on promise, since the regime will be hopelessly discredited if it cannot deliver. Stalin's giant figure no longer throws its awesome shadow over the land and his successors cannot use the weapon of terror with which the "Infallible One" cowed the bureaucracy and the high-ranking "privileged workers."

Since Stalin's death, the new regime has been anxiously wooing the elite. Only they and their friends can afford to buy the butter and meat, the new washing machines and vacuum cleaners which the government has promised. It was pressure from this restless upper crust, not from the great gray mass of workers and peasants, which drove both party and government to gamble on impossible production targets.

Army, state and party seem nervous and confused. On the eve of the great November parade in honor of the Bolshevik revolution the top Moscow garrison commanders disappeared, including the commander of the Kremlin guard, General N. K. Spiridonov, long-time associate of Sergei Kruglov, new Interior Minister.

Underground reports maintain that even Kruglov's position has weakened; his security forces once a 1,600,000 strong elite army, have been cut up into three unequal parts. The largest segment is said to have been absorbed in the regular army, the second largest to be interned or in jail, with only a comparatively small police force remaining under Kruglov's command.

According to the same reports, MVD or security guards in front of armament factories, airports and railway stations are gradually being replaced by troops of the line.

REGULAR army commands, too, have been shaken up. General Bagramian no longer heads the Baltic military district. General Antonov, former chief of the general staff and commander of the Transcaucasian military district, was absent from the November parade. The Navy, which was to become an integral part of the unified defense establishment, once again asserts its autonomy. The state administration has been put through the wringer. In November the all-important Ministry of Agriculture, which combined four of the five agricultural ministries of the Stalin government, was cut in half and a separate Ministry for State Deliveries set up.

The party aparatus has also undergone a major surgical operation. On November 27 Party chief Nikita Khrushchev personally "released" Vasili Andrianov, first secretary of Leningrad Province. Andrianov, a full member of Stalin's Presidium, held the position once occupied by the late Andrei Zhdanov, the Marshal's heir-presumptive who for several years outranked Malenkov. Two days later Khrushchev fired Viktor Nedosekin, party chief of Tula Province, another full member of the Central Committee. Both Andrianov and Nedosekin are close associates of Malenkov. Whether their dismissal reflects a rivalry between the Premier and Khrushchev, or merely serious local disaffection, it means dissent among the hierarchy.

THE November anniversary brought other signs of division. Because none of the triumvirs would allow another to steal the limelight, politically neutral and insignificant Marshal Voroshilov delivered the principal address. Up to 1946, this was always made by Stalin himself. In the Ukrainian, Moldavian and Armenian capitals, only the pictures of Malenkov and Khrushchev were prominently displayed. Molotov's picture was placed inconspicuously among those of other Presidium members.

Five days later old Molotov, "Kamennyi Zad," the "man with the rump of stone," put himself back in the news by holding an extensive press conference on international affairs. Even Khrushchev tried to make himself heard abroad by receiving New York corporation lawyer Marshall MacDuffie on November 15, knowing that Secretary Dulles would be promptly informed of what he had to say.

Moscow expects to offset the effect of these pressures and rivalries through a two-pronged international campaign. It is determined to have a four-power foreign ministers' conference, which will settle nothing but is bound to boost Communist prestige. The spirit of the defunct Comintern is being revised at concentrically organized international congresses.

—PAUL WOHL

This Troubled Breed

Our friends abroad are aghast at our current domestic quarrel. It is indeed disturbing to witness the seemingly irresponsible behavior of an indispensable ally.

Perhaps they will be better able to understand what is going on here if they view us as a nation should always be viewed: as a product of the past leavened by the challenges of the present. From this perspective it will appear that today's spectacular controversy is an inevitable psychological by-product of America's meteoric rise—an important by-product but by no means our essence.

First of all, America has developed in the age of industrialization, in an age where only change was permanent. In the process whereby our agricultural population shrank from 80 per cent to 20 per cent, most of the comforting traditions, family ties, religious, moral and social concepts were either destroyed or radically altered from generation to generation. How could a man sink anchors of security in this fluid world?

From the beginning this conflict filled American political life with a compensatory emotional content. Where the British, for instance, expect from their government merely adequate laws, and rely on their crystallized traditions to provide an answer to most of their personal problems, the American throws himself into politics as if the very salvation of his soul were at stake. He is moved by the subconscious and impossible hope of receiving from a purely political function all the moral, material and intellectual food a whole man needs.

Lately, in our quest for guidance at a time of crisis, many in this nation have again turned with passion to politics, instead of diplomacy, economics, history. We have been told that we are in mortal peril, that a monstrous conspiracy is menacing our civilization, our wealth, our very lives, that we cannot sleep tranquilly because a calamity may break over our heads at any minute of the day or night; and people have reacted to these terrible tidings according to their own natures.

This dark, creeping menace, these deadly shadows over the impenetrable horizon, have understandably unnerved a part of this nation. It is the very invisibility of the enemy, the intangibility of the danger, which causes their alarm and frustration. This is why they are demanding that the culprits be produced—including a former President of the United States—otherwise their lives will become as intolerable as the nightmare of a Kafka novel.

It was not to be expected that such sincere violence of feeling could be stilled instantly by saner suggestions, proffered first of all by President Eisenhower. It was sheer sanity which made the President declare that there must be an end to Americans fearing Americans, that ridding the government of traitors is an administrative job which he can successfully perform; yet it is not surprising if this advice sounds too mild, too rational to the other camp. What is more natural for those whose souls crave a dramatic outlet for their fears and confusion than to ask for spectacular hearings and trials, for a flamboyant campaign of hatred, for a whole ceremonial of exorcism and incantation?

And, let us make no mistake about it, those public figures who are in the vanguard of this trend are not necessarily demagogues bent on furthering their own careers by every means, fair or foul. Some of these exuberant figures are expressing sincerely and forcefully a part of America's national mind, the part which is disturbed and helpless before the dislocations of the past and today's changing world.

In this sense they are true representatives of some of our people. But the important distinction is this. They may be representatives, but they are not leaders, for there is nothing in their oversimplified formulas that is applicable to the vaster and more significant problems facing America in these years of decision; they are bound to come to grief on the rock of this supreme test.

It is indeed the whole meaning of American history that our people's surest guide in making difficult decisions has been a mysterious but outstanding quality that almost defies definition. Dubbed in homely fashion "horse sense," it is a genius for recognizing the decisive factors in life's puzzling equations at the moment of irrevocable choice.

We may go on binges—we have much confusion to live down that other nations have never experienced—but as soon as the dawn of reality breaks, we are on the job, ready to act promptly and soberly.

The American character may be puzzling, contradictory, trying; but you can trust it as blindly as you trust the instinct of survival.

Norman Cousins

Editor

How the Directors of the NAM Resigned Leadership

THE INCREDIBLE RESOLUTION

Within the next few months Congress must decide whether this country will shoulder its economic responsibilities to the free world. These decisions, bearing on the tariff and related issues, will be of vast import; Stalin prophesied shortly before his death that the West would fight over international trade to the benefit of communism.

Because the opinion of the National Association of Manufacturers will strongly influence whatever policy the US adopts, WORLD here reveals why the NAM evaded its responsibility by refusing to take a stand on tariffs. The story may come as a surprise to members whose views are not reflected in the NAM's official action on this issue.

On October 29, 1953, the Board of Directors of the National Association of Manufacturers adopted a Resolution which reads in part: "The National Association of Manufacturers does not presume to speak in any way for its members as to tariff matters."

It seems incredible that the Board should have ruled that it, the governing body of American industry, has no opinion regarding one of the most vital national issues—the tariff. By shirking its duty to provide guidance on national issues to the membership, to the government and to Congress it revealed that something is fundamentally wrong with its policies.

A review of the events that led up to this shabby resolution makes plain the extent to which the board abdicated its function.

In September of 1952 the Board of Directors gave hesitant approval to tariff reduction: "If we are to terminate aid [to foreign countries], the way must be found to improve the access of foreign producers to American markets." The board also decided to find out what that "way" should be and requested the NAM's Research Department to make a study of the tariff and related issues. An ad hoc committee was appointed to guide the study and draft an NAM policy statement based on its findings.

Head of the committee was Henning Prentis, Jr., chairman of the NAM's International Relations Committee, a director and past president of the NAM and Chairman of the Board of the Armstrong Cork Company. The committee's members were all top business leaders:

John R. Suman, vice-president, Standard Oil (N.J.)
Arthur B. Foy, senior partner, Haskells & Sels
Murray Shields, vice-president, The Bank of the Manhattan Company
Eldridge Haynes, president, Magazines of Industry
Spruille Braden, former Assistant Secretary of State

Guided by this first-rate committee, the Research Department produced a 400-page report after nine months of intensive and objective study. The committee examined the report carefully and drew up the only policy statement warranted by the facts it contained: recommendations for a liberal US trade policy.

The statement was first approved by the seventy-one-member International Relations Committee by overwhelming voice vote. Only three negative voices were heard: two were identified as officers of the American Tariff League.

As the meeting broke up, these protectionists warned that the real fight had just begun. Indeed it had. In preparation for the meeting of the Board of Directors, at which the final decision was made, the protectionists began applying heavy pressure. Through what looked like a well-organized campaign, a dozen letters signed by carefully chosen industrialists were sent to most of the board's 151 members urging them to vote down the proposed statement.

No similar campaign was organized to combat these tactics. A subject so important to the national interest should not be decided by last minute pressure applied for selfish considerations. The only letter received by

board members favoring the proposed statement was sent by John S. Coleman, president of the Burroughs Adding Machine Company, on behalf of the Committee for a National Trade Policy, of which he is chairman. It urged the board to give an example of enlightened business initiative by advancing a policy which "will reflect fully our national interests." Since his letter was not properly addressed, it did not reach more than half the members.

On the day of the board meeting, last October 29, a great many people waited hopefully for the final NAM policy decision, for it seemed likely to upset the traditional business position on the tariff. Most notable was President Eisenhower, who looked expectantly for business support of his trade-not-aid position. Also waiting anxiously was Clarence Randall, whose Commission on Foreign Economic Policy was holding its last public hearings in the United States on that day and who had agreed to extend the Commission's meeting beyond 5 p.m. to hear the decision of the board.

This was the background against which the board decided to duck its responsibilities. After it had taken a cursory glance at the proposed policy statement, J. Warren Kinsman, a vice-president of du Pont, rose to present a counter-resolution—the one finally adopted—which stated that the NAM was unwilling or incapable of taking a position on the tariff. It was already in typewritten form, having been drawn up hastily the night before by a rump session of the board organized by the protectionists.

The directors quickly shelved the liberal policy statement and marshaled arguments for taking no position at all, as requested by the du Pont representative. Their only serious argument concerned the need for a referendum. "Personally, I'm for tariff reduction," said many, "but I must remember that I represent a constituency."

This argument was very weak. Almost sixty years

THE MOUNTAIN LABORED, AND . . .

RECOMMENDATIONS
of the International Relations Committee

Since in the words of the President of the United States, no tax, no service, no task is too great for us, the National Association of Manufacturers . . . urges that our trade policy be based primarily on the principles of strengthening the free world, and these recommendations are based on that principle.

► Tariffs should be further reduced:

Tariffs should be quickly eliminated on commodities non-competitive with U. S. products, on irreplaceable mineral resources on which our consumption exceeds our production, and on commodities not produced in the United States.

As to other products, tariffs should be studied and reduced gradually case by case whenever the national interest would be served by such action.

Restrictive import quotas should be further studied to determine if they can be relaxed to our national advantage.

Since stability of tariffs is an important element in attaining a higher level of international trade, the possibility of binding rates for a reasonable period . . . should be considered. Provision for prompt change where national defense is served, and for systematic review in all cases, should be provided.

► Sanitary codes should be adopted and applied only to protect the public health and not for protection from foreign competition.

► Customs procedures should be clarified, simplified and made more certain, and less costly and onerous. Some progress has been made in this direction but more is needed.

► Customs procedures should not be used to complicate and retard the flow of imports into the United States.

► Frontier formalities impeding or discouraging international travel should be simplified.

► "Buy National" provisions (including Buy American provisions in U.S. legislation and regulations) the world over have proved costly to taxpayers and consumers and should be repealed subject to defense considerations.

► To permit businessmen to plan ahead realistically for expanded international trade, foreign countries should not invoke any new foreign quotas or exchange controls against U.S. products, and existing quotas and exchange controls should be gradually abolished. In addition to the gradual lowering of our tariffs, the U.S. escape clause should be abolished.

ago the NAM had decided that board decisions—based on the process of research, discussion and debate—produced better results than a vote of all the members based on ignorance.

But the directors were not troubled by this consideration. One by one they voiced their support of the du Pont Resolution. Then somebody remembered that the NAM's declaration of the previous year had given tentative support to tariff reduction. Another clause was promptly added to the du Pont document: "No existing positions or policies of the Association on international economic matters shall be construed to be a position on tariffs."

With the shameful Resolution thus complete, the board passed it by almost unanimous voice vote. The final indignity came seven days later, when NAM Managing Director Earl Bunting sent a letter to the Association's 20,000 corporate members informing them of the board's action. The letter was couched in vague terms permitting the reader to think that the adopted Resolution was the product of a year spent in study, discussion and debate.

Why is it that the board, in this as in so many other matters of national importance, eschewed reason and played ostrich to its vast responsibilities?

First, it fears the NAM will lose members if it passes a controversial resolution. To his credit, Charles J. Sligh, Jr., president of the NAM, said privately before the board meeting that he was 100 per cent for the liberal Resolution advocated by the International Relations Committee, even if it meant the loss of 500 members. The bulk of the directors disagreed.

Their position on this issue is incomprehensible. They act as though the NAM were a corporation and they as directors were responsible for seeing that its income (from membership dues) was not reduced. Certainly the liberal Resolution originally proposed threatened loss of income. After it had been passed by the International Relations Committee, but ten days before the board meeting, the Monsanto Chemical Company, a $400 million corporation, resigned from the NAM because of what it called a trend within the organization toward tariff reduction. Monsanto is now reconsidering its decision. Du Pont, whose representative introduced the counter-resolution, is another giant company and known to be a substantial contributor to the NAM coffers.

The poverty of spirit exhibited by the board in placing the welfare of the NAM not only above the true interests of business but also above the national interest is alarming.

A second explanation of the board's action may lie in the fact that many of its directors live on the business provided by still other directors and are subject to pressure by them. At least one instance is known where protectionists on the board closed the mouth of a liberal director by implying that his company might lose customers if he spoke up.

To put it briefly, the NAM today is not a democratic organization. The board would certainly have voted for tariff reduction had the membership forced it to take a position on the tariff. Most of the board members would like to express their individual, rational beliefs, but the undemocratic forces that prevail within the NAM do not allow them to do so.

The point is not that the board failed to act for free trade, but that on this and other matters vital to our country its members consulted their private interests and decided not to act at all.

In view of the historic attitude of American industry and of the NAM itself on the tariff, it is clear that the Resolution adopted by the Board of Directors is tantamount to joining the American Tariff League. Despite the sophistry of the protectionists, the position of the American Tariff League is far less hypocritical and more courageous than the position adopted by the board of the NAM.

. . . BROUGHT FORTH A MOUSE

FINAL RESOLUTION
of the Board of Directors

WHEREAS, the National Association of Manufacturers has, since its founding in 1895, fostered and will continue to foster in the national interest the domestic and foreign commerce of the United States, and

WHEREAS, the National Association of Manufacturers has never adopted any position as to individual tariff rates and has no current policy as to other tariff matters, and

WHEREAS, it is impracticable for the Association to generalize in the national interest on a matter such as tariffs, which is so specific to the divergent points of view of its more than 20,000 members and their employees,

THEREFORE, Be It Resolved that: The National Association of Manufacturers does not presume to speak in any way for its members as to tariff matters, and

Be It Further Resolved, that: No existing positions or policies of the Association on international economic matters shall be construed to be a position on tariffs.

Here's how an alert company unlocks foreign markets:

THE HAPPY WORLD OF YALE & TOWNE

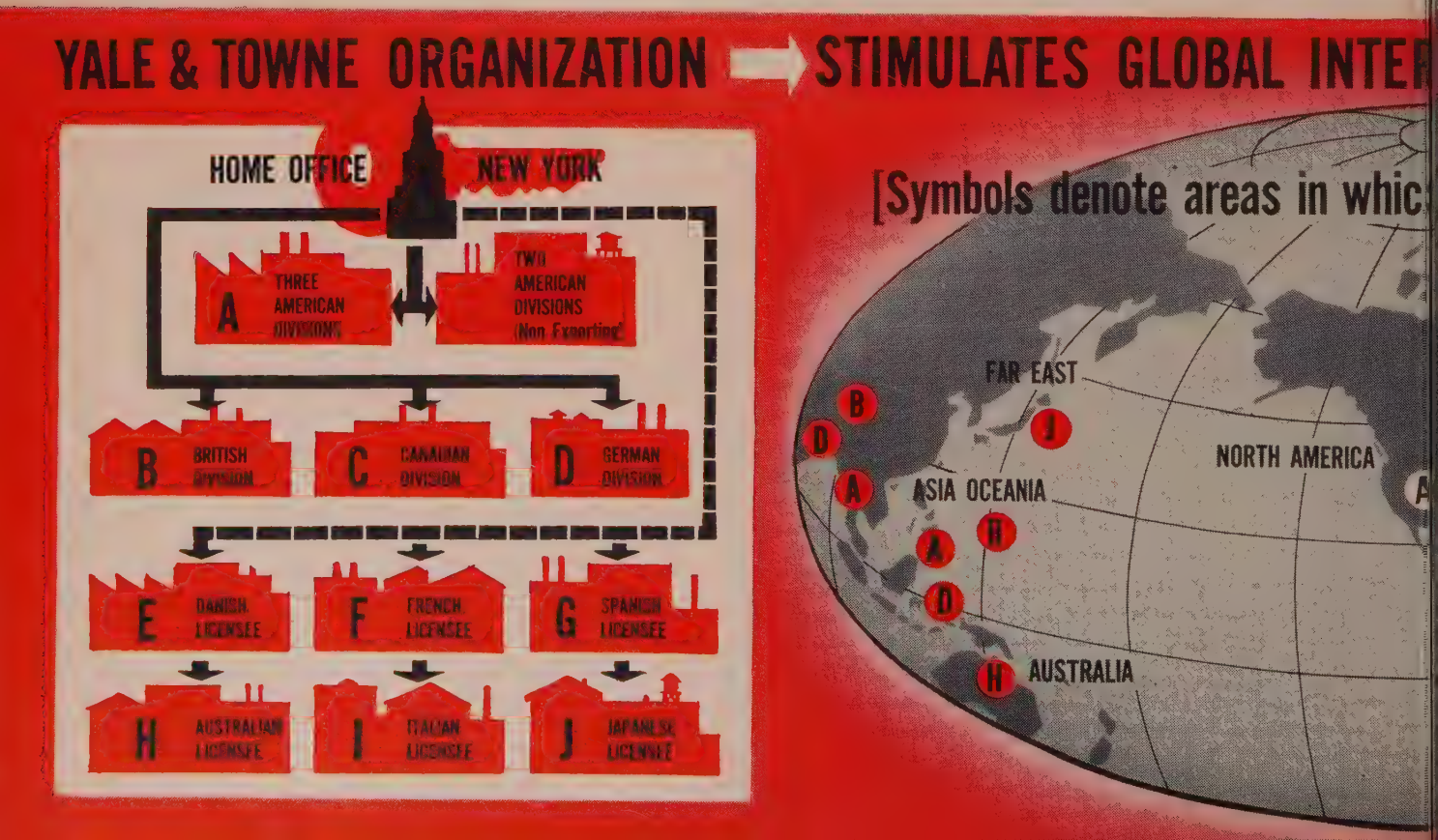
ONE of the few American firms that considers itself an international corporation is Yale & Towne Manufacturing Company. Starting out just after the Civil War to make locks in New England, the company wasn't ten years old before it began looking abroad for additional sales, and this search for business on a global scale has continued. Today the management of Yale & Towne would probably admit that while there are great possibilities for growth in the US, the really astounding volume is going to come from foreign sales.

The company's development has closely followed the pattern of industrial growth, both in this country and abroad. In 1868 it was apparent to Linus Yale, Jr., an inventor, and Henry Robinson Towne, an early exponent of mass production, that the rapid industrialization of the United States meant that more and more people—not necessarily rich people—had property to protect. But locks and keys were still custom-made and simple padlocks cost so much that only the wealthy could afford to buy them.

Being logical men, Yale & Towne realized that the new industrial techniques could be applied to the business of producing locks; the result of their application was the famous Yale lock.

From locks the firm expanded quickly into production of other types of hardware. Then Henry Towne (Yale died soon after the company went into operation) took an imaginative step that was to be typical of this firm. He analyzed his business and found that it came primarily from the growth of other businesses. Then why shouldn't Yale & Towne be able to sell these new companies machinery they could use to improve their production? Since his firm was already in hardware, he naturally used the materials of his field; before long Yale & Towne came up with some of the first mass-produced chain-hoist equipment for heavy industry.

Even then, Yale & Towne had a strong international flavor, for when Towne wanted someone to design his new hoists he imported Thomas A. Weston, an English inventor. Weston's comparatively simple chain hoists



were the forerunner of the modern materials-handling division of the company (well known for its fork-lift trucks), estimated to account for about 62 per cent of all 1952 sales.

At first Yale & Towne was content to develop its sales abroad by exporting all the products it made. But soon after the turn of the century it began to develop a system of licensees under which foreign manufacturers were permitted to make specified products for sale in limited areas. The system worked well for both Yale & Towne and its licensees: the French licensee will celebrate his fiftieth year of working under Y & T designs in 1954, and the Japanese licensee has been with them eighteen years.

By the 1920s the time seemed ripe for Yale & Towne to own some plants overseas, so it opened up German and British divisions. Each turns out a line of locks, builders' hardware and materials-handling equipment. (A Canadian division began operations in 1913 but sells only within the Dominion.) In recent years new agreements have been reached covering Spain, Italy and Australia.

But many companies operate plants here and abroad, have license agreements, and are thoroughly aware of the profit possibilities of international trade. Where Yale & Towne differs is in its organization.

First of all, when most American companies operate overseas, they set up subsidiary corporations. All Yale & Towne foreign plants (other than licensees) are integral parts of the same corporation, not subsidiaries.

Second, most companies strictly limit the areas in which each of their domestic and foreign units may sell. Not Yale & Towne. It lets its customers decide which of the company's plants they will buy from. Therefore none of the foreign plants can be restricted to selling in a specific group of countries.

The result is intensive inter-company competition. For example: a Brazilian factory owner may want to buy a particular Yale & Towne industrial truck. The local sales agent can offer him this truck from any of four plants—English, German, American, or French—and the Brazilian can take his pick. This means that he can pay for the truck with whatever currency he has available.

At a time when dollar shortages rule out purchases of US products by many potential foreign buyers, Yale & Towne reaps tremendous advantages from this set-up, which would not be possible without inter-company competition. In a very real sense, the competitive conditions that make profits for separate companies also make profits when allowed to work within a single company. If a US division (or any other) had held an exclusive franchise for Latin America, currency shortages might have eliminated the sale of a Y & T truck to Brazil.

There is a third difference in Yale & Towne's method of operations. All its plants are self-sustained. Whereas many American manufacturers merely operate assembly plants in a foreign country (particularly in the hardware and materials-handling business), each Y & T division makes its own parts from company specifications and employs an almost entirely native work force. Including both factory employees and executive personnel, the organization has only two Americans working overseas. Since the firm's line is identified as a native product, it meets less sales resistance. As Gilbert

COMPANY COMPETITION → TO PRODUCE THIS INCOME...

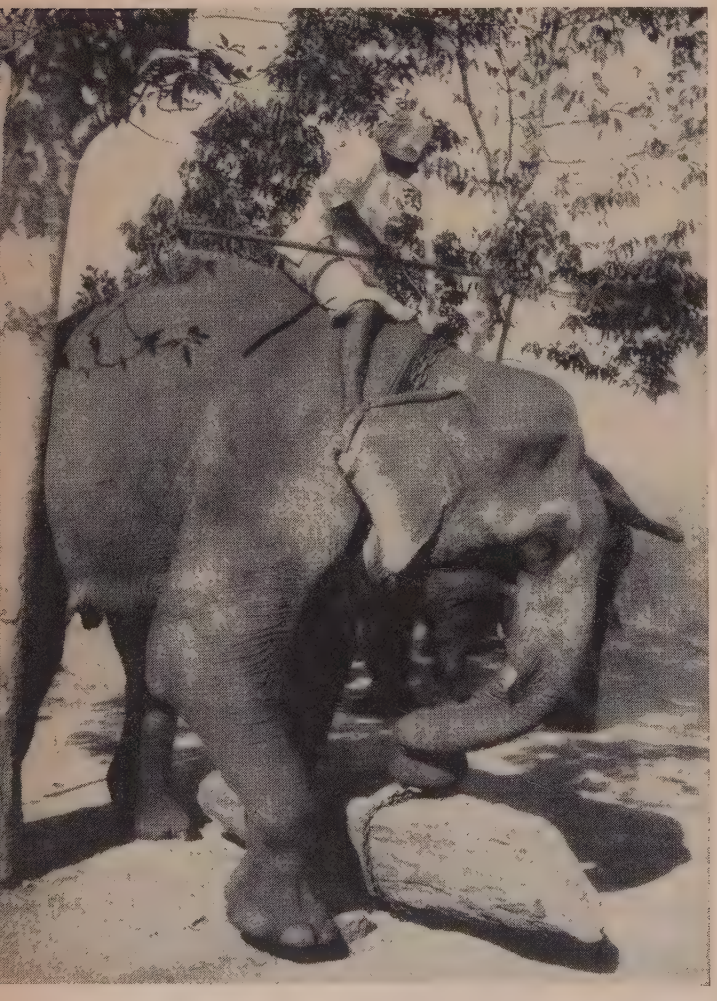
	NINE MONTHS ENDED SEPTEMBER 30, 1953	1952
NET SALES	$77,624,018	$68,367,893
OPERATING COSTS AND EXPENSES:		
Cost of Goods Sold	$59,527,014	$53,277,383
Selling and Administrative Expenses	12,714,869	10,465,100
	$72,241,883	$63,742,483
Net Operating Income	$ 5,382,135	$ 4,625,410
OTHER INCOME	254,166	259,921
	$ 5,636,301	$ 4,885,331
INCOME DEDUCTIONS*	996,716	302,420
Net Income Before Provision for Taxes on Income	$ 4,639,585	$ 4,582,911
PROVISION FOR TAXES ON INCOME	2,605,823	2,690,215
NET INCOME	$ 2,033,762	$ 1,892,696
NET INCOME PER SHARE	$ 3.24	$ 3.07
Shares outstanding at September 30	628,586	616,586
*Includes:		
Plant pre-opening and moving expenses	$ 523,778	$ .....
Interest	472,938	302,420

W. Chapman, Yale & Towne president, put it, "We try to become not an American firm overseas, but a company taking on the nationality of its location."

So far, Yale & Towne (which has encountered some difficulties with labor in the US) has had fairly satisfactory labor relations abroad. In England, for example, a Joint Industrial Council—twelve men from labor and twelve from industry—handles negotiations between the hardware industry and its workers. Decisions of the Council are final and the company hasn't had a strike in England since it started operating. One US executive commented a bit wistfully, "We've got something to learn from them in this industry."

Since Yale & Towne operates in West Germany, the problem of co-determination (the policy of having a labor-management board determine company operations) has arisen. To date the German unions with which Y & T deals haven't broached the idea, and US headquarters says: "We will fight it vigorously but we will never ruin our business *just* to fight it."

Another element in Yale & Towne's operation that distinguishes it from most US companies is its absence of cockiness about the superiority of American manufacturing skills.



***BEFORE** Yale & Towne the elephant was India's beast of burden. He could carry a lot but was lacking in efficiency.*

"Foreigners can make as good a product as we can any day," Fred Dunning, executive vice-president, declared, adding, "the biggest thing we have to export is promotion and distribution know-how. They've got to teach their factory owners how to use our materials-handling products.

"In Europe, most factory managers would buy another type of equipment—a kind that wouldn't do half the job for them—rather than change the plant.

"A materials-handling salesman has got to observe the plant he wants to sell to," Dunning continued, "see what its special needs are, and then show the owner how a fork-lift truck, or whatever, can save him money. It's not always easy and it takes a lot of selling ability. That's what we have to export."

IN REGARD to advertising, Yale & Towne has stayed with the idea of having "national" agencies push its products on "home" grounds.

This thinking dominates its attitude toward packaging too. Products are packaged according to local custom. "That way you don't run up against some taboo," Dunning says. "The color of a package might be all wrong in one country—it might have some undesirable connotation—and be perfectly fine in another. The best way to avoid any problem is to let the foreign division handle its own affairs."

Yale & Towne applies the same idea to market research: each plant surveys its own field. However, since the US headquarters is the final channel for all information, all of the plants receive advice on world demand for specific products.

This has led to the establishment of a Research and Products Division at Valley Forge, Pa., that plans and investigates for the entire company. In the past some of this work had been done by the various plants, but it was felt that an overall laboratory would be more efficient. Each plant, however, will be an important contributory factor in the new division since it will be called on for information about local conditions and needs and will also pass on suggestions.

In other words, Yale & Towne isn't committed to any one mode of operation. Except for research and development, it accepts the fact that each division is master of its own domain. But where a break from this policy will benefit all of the plants, the break is made. Eventually, a new manufacturing unit might be set up in an area now serviced by exports from one of the present factories. Y & T has no specific plans for putting up factories in any "new" nations, but it does expect to spend part of the profits of each division on modernizing its old plants as well as building new ones.

Opportunities for this kind of expansion are bright. In West Germany, for instance, Y & T materials-handling sales lag behind their French counterparts, although West Germany is potentially a bigger market. President Chapman attributes this to the long years of isolation under Hitler and to the fact that one of

his most energetic licensees—Fenwick Manufacturing—has been operating in France for fifty years.

Many American firms shy away from building factories abroad, using the excuse that they can get a safer and faster return by constructing plants in the US. Yale & Towne disagrees. It has found that money expended on plants abroad can be regained through earnings sooner than in the US.

There is just one hitch: capital cannot always be repatriated as quickly as the investor would like. But now that Germany has a new law that permits earnings to be sent back to the US, Y & T can be sure of receiving income from its investments in every country in which it operates. And, so long as the market holds up, it can regain, over a period of years, its investment through repatriation of profits.

Although Yale & Towne is interested in building plants in nations where it does not now have them, it refuses to go into any country that legally requires partial native ownership of a factory. Nations with laws that prescribe native ownership of 50 per cent or more—notably Mexico and Argentina—have approached Y & T with attractive offers. The offer is usually made through a local manufacturer or entrepreneur who ticks off all the things his government will do to offset partial-ownership.

Up to now, Yale & Towne has resisted all blandishments. But—another example of its willingness to adapt to changing conditions—it insists it would take the plunge *if* the situation and the guarantees against expropriation, etc., were sufficiently attractive.

Yale & Towne does not make public the earnings of each plant (foreign, domestic, or licensed) but in the first nine months of 1953 sales amounted to $77.6 million—almost $10 million more than for the same period in 1952. Earnings for the same three quarters came to $3.24 per share, a gain of 17 cents.

Although the company won't say how much greater its earnings abroad are than they were a year ago, one vice-president admitted "they aren't down." Restrictions on imports of raw materials have made it impossible for its foreign plants to meet the demand for their products or to expand as rapidly as they could.

Since shortages of materials are rapidly disappearing, this situation should end before very long. Then the foreign divisions will be able to supply the needs of their markets—and make the wonderful world of Yale & Towne even more wonderful.

AFTER *Yale & Towne began sending fork-lift trucks into the country, things looked different. More important, a truck, not so picturesque as the elephant, is much more maneuverable and speeds India's drive to modernize her industry.*

Australia Cuts Tax To Attract US Capital

SYDNEY

Australia, which once looked to Britain to aid her industrial growth, is turning more and more to the United States for outside capital. While the greatest part of this economic expansion will be backed by domestic resources, both government and industry circles here realize that the process can be greatly expedited by private American investment.

In order to create a climate that will appeal to US businessmen, the government is developing a new tax program which would limit the tax on dividends from an Australian company to a resident of the US to 15 per cent—20 per cent less than American firms are now paying. The fact that 85 instead of 65 per cent of American earnings in Australia can be remitted to the US should be an incentive for investment even if the US doesn't lower the 52 per cent tax it now levies on foreign earnings. The tax agreement has been signed by both nations but still requires legislative consent. The US Congress has already ratified the agreement and the Australian Parliament is expected to follow suit during its current session.

Another factor that Australians believe will appeal to Americans is the abundance of skilled labor. In addition, the market for products is steadily increasing; the population has risen by one-sixth in eight years and average consumer incomes and savings are at a record level.

The Inflationary Factor

There is, however, one drawback: inflation, which has been slowed down recently but is still a problem. General Time Corporation (Westclox), which opened a plant here after the war, found inflation so severe—its wage bill doubled in six years—that it recently halted operations.

This, however, is an unusual case. Many US firms have come in and found conditions favorable. Newcomers are as varied as the Arthur Murray Dance Studios and Minnesota Mining and Manufacturing. Local banks feel that any American firm that comes here now—after determining sales possibilities for its product—will be able to overcome the inflationary factor, partly because of the new tax arrangement. They believe it so strongly that they are willing to extend credit—certainly a good test of their sincerity.

Openings for investment include consumer products of almost every type from soap and foods to automobiles. But there is also a good chance to back the development of such natural resources as oil, uranium ore and other metals.

The dollar value of private US capital invested here since the war (more than $100 million) is evidence of the opportunities that have already been seized by American companies and individuals. The fact that only one firm has found the going too rough should furnish some measure of the success of US investment.

India Changes Its Views About Foreign Investors

BOMBAY

In six years of political independence India has swung radically from a fundamental aversion to foreign capital to the realization that she can't get along without it. Conditions as well as convictions have changed, so much so that the Governor of the Reserve Bank of India, B. Rama Rau, claimed in Washington this fall that there are now no limitations whatsoever on the operation of overseas capital in his country.

Since 1952 the new policy has been expressed in concrete terms. Three major oil companies, two of them American (Stanvac and Caltex, and Burmah-Shell) have entered into agreement with New Delhi to build oil refineries worth $100 million. The agreements preclude nationalization for 25 years. Stanvac's Director Harry W. McCobb is currently in New Delhi to discuss the future possibilities of a major oil exploration program which is being carried out by his company in northeast India.

Other recent US entrants include American Cyanamid, which has taken a 10 per cent share in a dye and chemical plant north of Bombay and has established a manufacturing unit under its Lederle Laboratories Division. Close by is an anti-biotic plant in which E. R. Squibb and Sons is cooperating.

But in comparison with British industrial participation in India's post-independence economic revolution, and also with India's great need and America's enormous potential for overseas operations, dollar capital activities are still small. The reasons include distrust of the neutralist Nehru government and that government's attitude toward public ownership.

Britain Shows the Way

In 1953 New Delhi took over India's eight privately owned airlines; moved into the steel, chemical and machine-tool industries; tightened its grip on atomic materials manufacture; and slowed down privately owned hydro-electric projects to make way for its own huge power plant projects, now approaching completion.

British industrialists—the oldest and shrewdest operators in this part of the world—are not deterred by this situation. In dozens of brand-new industries, ranging from textile machinery to piston rings to cotton thread, they supply know-how in exchange for royalties and provide more than 15 to 30 per cent of the capital. (The permitted maximum foreign participation is 49 per cent). Some of them have recovered their capital in the first two years.

With few exceptions, American capitalists have been missing out on these splendid opportunities simply because they didn't know they existed.

India's immense planned economic revolution still affords numberless opportunities for a foreign enterprise which picks its path with care. Among the latest to wake up to the situation are the Germans. Recently Krupp-Demag clinched a $150 million deal with New Delhi to put up a million-ton steel plant, and Siemens is in close competition with America's Westinghouse for a government contract to

establish a heavy electrical industry in the south.

But for the average US firm the opportunities that carry the least risk are royalty deals in almost any field.

Kenya May Not Be Too Much Of A Gamble

NAIROBI

An American interested in investing abroad might feel that Kenya is just about the last place he should put his capital. But if he takes a closer look—examines the reasons for Mau Mau terrorism and its current status, and then investigates the opportunities that do exist—he may decide, after weighing all the factors, that a capital investment in Kenya right now could be a pretty shrewd move.

The first of these elements—the Mau Mau—is mostly the result of a vacuum created by Britain's development of Kenya which disrupted the old "warrior economy." Under this primitive system, which was largely agricultural, male members of the tribes spent the years between 17 and 33 employed as "junior warriors." With the country pacified and the slave trade suppressed, there was no longer a need for warriors. But there was no place in the crowded native reserves for the surplus youth: population was increasing explosively, and their elders outranked them in the right to land and jobs. Until the British settlers' new plantation economy was further developed there was little for them to do, so idle "ex-junior warriors" formed the Mau Mau to try to drive the white man out and revive the old system under which they had clearly defined rights and work.

As the new economy expands, however, more and more jobs are becoming available—and jobs on a higher level than the area has ever known. But until the program gets big enough to take in all the natives, the settlers must resist the Mau Mau by force of arms. To date, these police measures have been effective in keeping the terror from spreading.

There is of course the danger that the forces of nationalism will not wait patiently for industrialization, but investors who are already in Kenya don't think the risk is any worse than in many Asian or Middle Eastern countries. In fact no responsible person here believes that nationalism can be checked and Mau Mau—its most violent expression—ended unless Kenya is industrialized. To do this, outside capital is needed.

But foreign capital won't enter a country where the hazards are so great unless it gets special treatment. Since no nation knows the psychology of the foreign investor better than Britain, its government is offering foreign investors, among other things, 99-year land leases on extremely favorable terms, exemption from customs duties on many raw materials, a tax rate of 25 per cent, no limit on the size of dividends and very favorable regulations on repatriation of capital and remission of earnings. This means that money made from Kenya investments can be returned to the investor a good deal faster than in most other areas.

Good News for US Investors

While an American company cannot set up its own plant, it has two alternatives: either a new Anglo-American partnership or a partnership in an existing corporation, both of which can be a 50-50 arrangement. Such a deal would give the American firm a chance to sell in regions of the sterling area where previously it could not have operated because of restrictions on dollar goods.

The industries that are now wide open for US investment include fruit canning, sisal plantations, furniture, ready-made clothing, and glass products—most of which would depend heavily on local materials. There are plenty of workers to be had but training programs would have to be instituted for most skilled or semi-skilled jobs. Here, too, the government is willing to lend a hand since it now places great emphasis on technical education of the natives.

As far as industrial facilities are concerned, transportation, electric power and building materials are available and the government will do all it can to expedite the construction of plants financed by outside capital.

Communist machine-gun fire dropped him in combat. But whole blood kept him alive, saw him through the hospital. He thanks you for his life.

She'd been exposed to polio. A new serum, *Gamma Globulin*, made from blood, helped ward off the dread disease. She thanks you for her life.

A tornado whipped suddenly across her home town. She was badly injured by falling debris. But a quick operation, several transfusions pulled her through. She thanks you for her life.

Three grateful people say:
"We're HERE...
because you were THERE!"

GIVE BLOOD

...give it again and again

Index for World

	FREEDOM TO MANAGE	DEGREE OF TAXATION	TRANSFER-ABILITY	PROPERTY SECURITY
	OWNERSHIP LIMITS POWER TO HIRE BUSINESS CONTROLS IMPORT-EXPORT LAWS	TAX RATES ADMINISTRATION DUTIES EXCHANGE RATES	INTEREST DIVIDENDS PROFITS CAPITAL	NATIONALIZATION EXPROPRIATION CIVIL VIOLENCE COMPENSATION
	Weight	Weight	Weight	Weight
	22	16	9	3
ITALY	9	11	7	2
GREECE	13	10	3	3
TURKEY	17	13	8	3
SPAIN	11	7	3	3
PORTUGAL	12	11	5	3

WITH the Index for World Investment potential investors can choose, quickly and accurately, the country which best suits their business, and then proceed toward more detailed analysis. Factors on the left-hand page concern possible political or governmental drawbacks that every US businessman must investigate: Can I operate as I do at home? How will I be taxed? Can I remit dollars? Will my property be safe? These four factors are given a total

Investment

INDUSTRIAL FACILITIES	PRESENT MARKET	OPERATING PROFIT	MARKET FUTURE	WORLD Chart
LLED LABOR NSPORTATION VER & MATERIALS IER FACILITIES	PER CAPITA INCOME LITERACY HEALTH PRODUCTIVITY	RETURN ON SALES LABOR COSTS COST OF MONEY MATERIAL COSTS	DIVERSIFICATION STABILITY DEVELOPMENT GROWTH POTENTIAL	TOTAL WEIGHT
Weight	Weight	Weight	Weight	
7	19	19	5	100

NATURAL FIELDS FOR INVESTMENT

5	14	14	3	65	*Drugs, medicines, and pharmaceutical products, industrial and agricultural machinery, electrical fixtures, equipment and appliances.*
2	8	11	1	51	*Food processing, canning, light metal products and clerical equipment, agricultural machinery parts and accessories, tobacco, beverages.*
3	11	18	4	77	*Extractive industries, electrical equipment and fixtures, agricultural machinery and parts, industrial chemicals, drugs and other medicines.*
2	12	12	3	53	*Light industrial products such as electrical goods, textiles, metal working, machinery and parts, food processing, construction equipment.*
4	9	15	2	61	*Food processing, agricultural machinery, drugs and pharmaceutical products, medicines, soap, hardware, other light manufacturing.*

weight of fifty. Balancing them, on the right-hand page, are factors that measure the economic attractions for his investment dollar, also given a weight of fifty. Because every US businessman has his own particular investment requirements, the individual factor scores accorded each country are far more significant than its total weight.

Address inquiries concerning the Index to WORLD, 319 East 44th Street, New York 17. (UN World, Inc., 1953.)

Important Correction:

The Editors regret that, through an accident, last month's Index for World Investment was misleading to the reader. In the course of producing and printing this feature, the Natural Fields for Investment in certain countries were transposed. Below is the correct listing of natural fields for US investors as we had intended it to appear on pages 56-7 of the December WORLD.

ECUADOR

Textiles, paper and paperboard, glass, chinaware, foodstuffs, beverages, tobacco, and other light manufacturing and processing industries.

COLOMBIA

Rubber manufactures such as tires, basic chemicals for industry such as acids and alkalis, cement, assembly operations of many consumer goods.

BOLIVIA

Canning and bottling, glass, fiber processing, petroleum refining, some forestry products, light metal products and hardware, soap, tanning.

CHILE

Cement, construction materials, pulp, some heavy steel products such as piping and fittings, industrial chemicals such as nitric and acetic acids.

PERU

Mining operations of critical materials such as bismuth and vanadium, antimony, tungsten, and possibly uranium. Light manufacturing and processing.

Buy U. S.
Defense Bonds

Pseudo Trade, Not Aid

By Jules I. Bogen

Former Editor, New York Journal of Commerce

ECONOMIC change sometimes sneaks up on us from behind and startles the experts as well as the public by creating an entirely new situation. The "dollar gap" that has plagued the world for more than two decades is a perfect example.

Payments due the United States for goods and services abroad (excluding military assistance for mutual defense) totaled $16.9 billion in the year ended June 30, 1953. For the same period, our purchases of goods and services abroad amounted to $17 billion, meaning we were actually $100 million short in our dealings with the world.

We need only compare this figure with the "favorable" 1952 balance of $4 billion that we had on current account to see the revolution that has occurred in our financial relations with other countries. So long as capital investment abroad remains modest, the balance on current account provides a good measure of the dollar shortage.

These figures show that, taking the world as a whole, the $2 billion of foreign economic aid extended by the US government in the year ended June 30, 1953, was not needed to close any dollar gap. Rather, this aid enabled the rest of the world to purchase $1 billion in gold from us and to augment its dollar holdings by about the same amount.

True, the closing of the dollar gap was made possible primarily by the US government's purchases abroad of goods and services—purchases that reached $2.6 billion in the 1953 fiscal year. These purchases are more apt to grow than to decline in the period ahead.

Increased US government purchases abroad, in fact, are our answer to Europe's plea for "trade, not aid." This may come as a rude shock to people who used that slogan because they wanted lower US tariffs and greater imports of civilian goods. But so far as the dollar gap is concerned, government purchases abroad for mutual defense have achieved exactly the same result. And these purchases are far less embarrassing to a party sensitive—as any Republican administration must be — to protectionist sentiment at home.

So long as the US government continues to be a heavy purchaser of defense goods and services abroad, foreign economic aid can be further curtailed.

THE dollar receipts of other countries would contract if an American business recession caused a cut in imports. Also, as trade restrictions here were lifted, foreign buying in the US would rise. Mounting gold and dollar reserves, however, will provide other nations with a cushion to absorb, at least temporarily, the shock of a possible change for the worse in their balance of payments. These reserves have increased by $3 billion since 1952.

International as well as domestic financial relations are thus being profoundly affected by our defense expenditures of more than $50 billion a year. Here at home, these outlays sustain business activity at a high level, shoring up prosperity. At the same time, the spending of a modest fraction of this sum abroad serves to balance our payments with those of the rest of the world, ending the dollar gap and the need for sizable grants of purely economic aid to foreign countries.

The Man Who Found Wall Street Too Dull

I LEFT a lucrative partnership in my family's Wall Street brokerage firm because I felt I could do a more constructive job in an underdeveloped country."

The man who made that statement is Thomas A. Gaines, neither a Nelson Rockefeller nor a "pink"—although some of his old stock exchange associates were convinced that anyone with his ideas must read the *Daily Worker* on the sly. They completely missed the point—that what Tom Gaines was actually going to do was the last thing the Communists want Americans to do—export the principles of free enterprise.

Gaines started his first syndicate, at the age of thirty, with a mere $60,000. His project—to build middle-class houses in Costa Rica—earned about 10 per cent in the first year. He settled on Costa Rica because it did not require local ownership and had no restrictions on repatriation of capital or earnings so long as the investor was willing to exchange his money at the official rate.

"But we chose Costa Rica for more abstract reasons, too," he told us. "Anyone who arrives there after six months of traveling and living in most of the other Latin American republics will immediately sense the difference. Costa Ricans have self-respect; though poor, they're decently dressed and smiling. Then, too, it's a 'green and pleasant land,' with strong democratic leanings.

"Our business problems were nothing unusual—purchasing, management, selling, legal, accounting, and so on. But the emphasis sometimes differed from that in the US. For example, selling was a cinch, but raw materials were another story. There were greater legal problems than here at home, because two nations are involved and very few lawyers know both countries. Insurance was a headache because it's a government monopoly; inadequate policies are written; it is badly administered and a good deal more expensive than it is at home.

"The most difficult thing, though," Gaines said meditatively, "was to understand the customs and problems of another people. The interior walls of our model house (we built 17 in all) were walnut, a common local wood, and we left them natural. But in Costa Rica unpainted wood connotes poverty, so we had to paint the other houses.

"We filled 75 per cent of our raw material needs locally, but the remaining 25 per cent had to come from 13 different nations, some as far away as Japan and Italy.

AS FOR cost, we spent $2000 per unit on a three-bedroom house with a living room and dining room combination, kitchen, and modern bathroom. Land improvements and technical advice added another $1000. We arranged for 25-year mortgages, a down-payment of $145 and monthly payments of $16, plus fire insurance and taxes.

"To build the houses, I provided the materials and hired contractors to supply labor," he continued. "I could never get all the materials I needed in one place, though I cleaned out the biggest dealers. Naturally, I got the benefit of bulk buying.

"Work began at five in the morning because we had to finish before afternoon, when the rains came," Gaines said ruefully. "About a hundred men worked at the site, most of them peons who were taught to perform all but the highly skilled jobs. We paid them fourteen cents an hour—four cents more than the going rate. We wrote contracts providing for bonuses if they beat a time deadline. This really worked. One contractor instilled the old college spirit in his men so thoroughly that whenever they went to pick up materials they didn't walk, they ran! Another instituted a profit-sharing plan which produced terrific enthusiasm.

"I think the reason the workers were so willing to help me over the tough spots was that I would pitch in on the dirty, manual work.

"We had no trouble selling the houses. My wife and I moved into the first one and the cautious natives reasoned that if it was good enough for us it was good enough for them.

"Local retailers saw the publicity value in supplying furniture and appliances for the model house. By running ads in the local papers and providing free bus rides from the center of San José to the site, we attracted 7,000 people—one out of every ten in the city."

More important than the houses' value to their owners, it showed people with capital that such a project was sound.

"Several local businessmen told me the idea had never occurred to them," Gaines said. "A number of similar projects are under way, and I wouldn't be surprised if we had given Costa Rica a start toward solving its housing shortage."

GAINES isn't resting on his laurels. He recently formed the Latin American Investment Council in Stamford, Conn., as a public relations effort to acquaint US businessmen with investment possibilities in Latin America. And he's also working on several private projects. Right now he favors a project in Salvador, Honduras or the Dominican Republic, backed by a syndicate made up of a large number of investors with small holdings.

"The Man Who Found Wall Street Too Dull" is busy exporting the best answer Americans can give to communism—the knowledge of how to raise the living standards of the underprivileged by free enterprise.

No Gold Price Increase Now

By Paul A. Samuelson
Professor of Economics, M.I.T.

WHAT sex is to biology, gold is to economics. The price of gold is even mentioned on Walter Winchell's Sunday evening broadcasts, and many an amateur speculator has to his sorrow bought gold mining stocks on the strength of rumors that the government is upping the ante.

But unlike sex, which is a serious and important subject, gold finds itself far down on any economic expert's list of major factors. If, like Sherlock Holmes, who felt there was no room in his limited cranium for knowledge of the solar system, you can watch and worry about only a few vital economic questions, my advice is simple: forget about gold; save your powder for more significant targets, such as depression, deflation, inflation, atomic energy, population pressure or Soviet shenanigans.

Recent headlines show that the unimportance of gold has begun to filter down to the consciousness of gold hoarders all over the world. The price of gold, in such free markets as Switzerland and Tangier, has already fallen to within pennies of the official US mint price of $35 an ounce. This represents quite a loss to the Moroccan who paid $65 an ounce just a few years ago, or to the Frenchman who hides in his wine cellar a two-pound gold bar that cost him $1440. So near is the unofficial to the official price that South Africa is abandoning its transparent requirement that gold be semi-fabricated before it can be sold to private hoarders.

Americans have been saved from such losses because the federal government prohibits gold hoarding. But not even the government has been able to keep some people from cutting their real fortunes during the last fifteen years by investing in low-yielding gold-mining stocks or expensive non-processed gold dust.

One recent change in the price of gold is linked to the US Treasury's paper profit on the gold it held in 1933 before it was revalued from $20.67 an ounce to its present $35 level. The Treasury recently used some of this revalued gold to buy back its own bonds from the Federal Reserve Banks in order to keep within the $275 billion public debt limit. Since this was a bookkeeping profit, created to meet a bookkeeping problem, future economic historians will probably regard the whole transaction as so much Gilbert and Sullivan finance.

WHAT of the future? Zealous research on the 1952 Republican platform shows that the party was planning to restore the dollar to a fully convertible gold basis. The Administration has been in power more than a hundred world-shaking days, yet equally zealous research in the newspapers reveals no drastic action on the gold front—other than a careful count of the treasure in Fort Knox just to be sure it hasn't been diminished by embezzlement or radioactive disintegration.

Why no action? Because W. Randolph Burgess, an eminent economist who went from directing the National City Bank of New York to the important post of Deputy to the Secretary of the Treasury, knows that asking when we will return to the gold standard is like asking a man when he will stop beating his wife. Dr. Burgess would not be revealing Secret, Confidential or Restricted information if he divulged the fact that the USA is in effect *on* the gold standard. Any foreign individual or country can send us gold to invest or to settle its trade deficit. The Treasury always buys such gold for $35 an ounce, and in recent decades tens of billions of dollars' worth have come to our shores by this route.

Conversely, hundreds of millions of dollars' worth of gold have left the Republic during the war and postwar years. The Treasury is always willing to furnish gold to legitimate international importers and exporters in exchange for $35 in American cash.

THE US, though, is *not* on a gold-coin standard. The Supreme Court will not enforce gold clauses in contracts; American residents cannot hold gold coins, certificates or finished gold; American private citizens cannot hedge against an inflationary increase in the price of gold or profit from any future revaluation. Furthermore, neither political party shows any sign of introducing the gold-coin standard despite pressure from the monetary extremists.

The notion that the United States should raise the $35 price of gold is much more important. Until recently, support for this view came primarily from gold miners in South Africa, Canada and the US. The Soviet Union, which is thought to have large holdings and sizable annual production, is suspected of having recently sold gold in Switzerland on a small scale, and would no doubt stand to benefit from gold revaluation.

So long as the world outlook remained inflationary, official and unofficial monetary experts contemplated no change in the price of gold. Only if a marked depression and deflation develop, with a reopening of the "dollar shortage," will there be any real prospect of America's raising gold's price above $35 an ounce. That time is not yet here.

So cross gold off your worry list. If you must hoard something, try Savings Bonds. According to Dr. W. Winchell, they pay interest.

The Tory Struggle to Denationalize Steel

CAN BRITAIN ROLL BACK SOCIALISM?

By H. DAVID DAVIS

Former economist, British Foreign Office and OEEC

LONDON

THE British have gone so far along the road of government intervention in the economic life of the nation that there can be no turning back—regardless of the politics of the party in power. Nothing better illustrates this hard fact than the vicissitudes of nationalization and denationalization the British steel industry has been undergoing.

The Labor party says it nationalized iron and steel in 1951, thus opening up new vistas; the Conservative government says it is now returning this vast domain to private enterprise and a new era of efficiency.

Neither action has effected any noticeable change in the management structure of the iron and steel empire, nor has it made any real impact on the industry's day-to-day operations. All that nationalization did was substitute a single shareholder, the Iron and Steel Corporation, set up by the government and responsible to Parliament through a Minister, for a multitude of previous shareholders. All that denationalization is doing is selling back most—but not all—of the shares to private individuals and institutions, few of whom will exercise any effective control over the industry, and replacing the government-appointed corporation by a government-appointed Iron and Steel Board. This board, though not a shareholder, will have considerable authority—as much, in fact, as was enjoyed by its predecessor, which the Labor party created in 1946.

While the share ownership of the industry was fluctuating between private individuals and the state, public regulation went on apace. While politicians of both parties made hay debating nationalization, the encroachment of governmental regulation continued almost unnoticed—a typical phenomenon of economic life in all advanced capitalistic industrial nations. Government control over Britain's steel industry began back in the thirties.

The Board's powers are definite and apply to three main fields—prices, development, and raw materials.

► It can fix maximum prices. Control of prices is a fact of life which large segments of British industry were forced to accept in the war years. This is true of steel both before and during nationalization, and it still is.

► Its power to control the industry's development is twofold. First, it may veto a re-equipment project if it believes such a project would "seriously prejudice

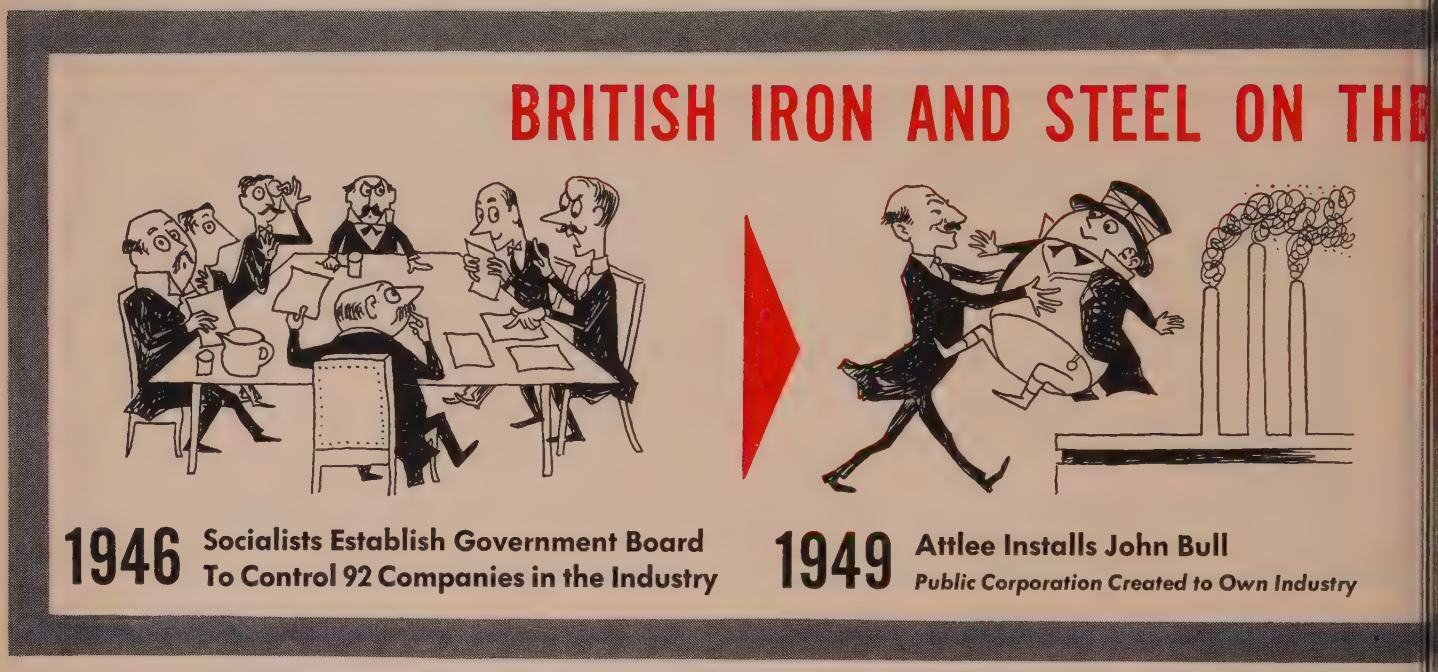
the efficient and economic development" of the industry. This restraining power, were it frequently exercised, would certainly stifle initiative and be incompatible with private enterprise. The Board has not been in operation long enough to make its position clear on this issue, but there is no getting away from the fact that individual steel companies will not be free to invest their money solely as they see fit.

Second, the Board has further powers over plant expansion which hardly conform to the purer concepts of private enterprise. It can recommend that the state undertake a particular development project if private enterprise is unable or unwilling to tackle it. Therefore, continued state ownership is not ruled out.

The intention of this provision is clearly to goad the industry into maintaining a reasonably flexible attitude. It is being used to counter the argument that terprets its duties under the law. Conversations I have had with one of the executive members, Robert Shone, suggest that the Board will leave the industry alone and take corrective action only if persuasion fails.

Industry spokesmen frankly admit that such corrective powers are a political necessity. The Laborites threaten to renationalize if they get the chance. If the Board exercises effective control, the industry hopes the issue of ownership will be removed from the political arena. Moderate elements in the Labor party seem to be amenable to such a policy.

Against this background the unique experiment of restoring a vast industry to private ownership was begun last fall. It is essentially a financial operation involving the sale of shares of the former companies. Under public ownership each company kept its identity and corporate entity. Consequently, the equity



full public ownership is essential because the steel industry's outlook is inherently restrictionist. Even the private enterprise team agrees that the state should step in if the industry itself fails to do the job.

► The Board's powers extend beyond expansion projects to raw materials. The industry imports most of its raw materials on a collective basis. At any time the Board can step in and say what and how much may enter the country. It can also decide what firms get these raw materials. It thus has a life-or-death control over individual companies. By allocating imports it can shape the whole trend of production of the various types of steel. The regulatory body is therefore in a position to control matters if the normal economic spurs to efficiency fail to operate.

These then are the Board's very considerable powers. How it uses them will depend on the way it in-

shares are easily identifiable. Last July 13 all these shares were handed over to the newly created Iron and Steel Holding and Realization Agency, whose task it is to sell them off as soon as possible.

This will be an enormously complex job. It cost more than $700 million to nationalize the steel industry three years ago, and it will cost investors at least that much to buy the industry back. It would cause confusion if all the shares were thrown on the stock market at once, so the Agency is selling them company by company. Most of the early sales are confined to equity shares, although the Agency may decide to offer some preferred stock whenever the market looks right. For the present, debenture financing through the public is being soft-pedaled. As the Agency's chairman, Sir John Morison, told me, it would be unwise to place too high a capitalization on the industry just as it is returned to private ownership.

It will thus be quite a while before preferred and gilt-edge shares are disposed of, let alone the common stock. In the interim, not only will the government-appointed Board exercise real control over the industry, but the government-appointed Agency will continue to own a large number of shares. This is the very mixture of public and private ownership and control that the Fabian wing of the Labor party advocates. And yet a Conservative government is carrying it out! Here is proof that socialism cannot be rolled back.

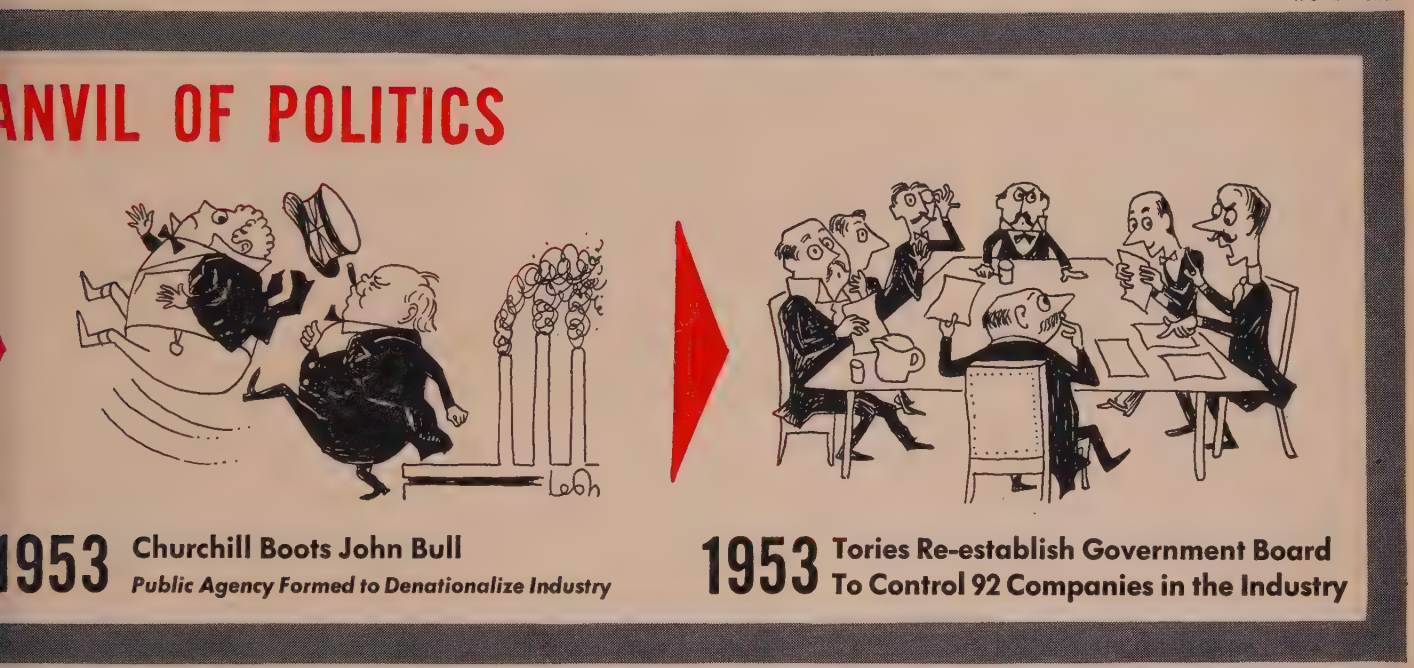
The British investor has become accustomed to this state of affairs and even seems to be attracted by the offers made to date for the sale of steel stock. The first offer consisted of the fourteen million one-pound shares of common stock of the United Steel Companies, Ltd., of Sheffield.

Thus the worst that could happen to investors would be that after a few years they would have to sell their holdings to the state.

What will affect the success of future steel stock offerings more significantly will be the investors' assessment of the industry's prospects. Now running at more than eighteen million tons a year, British steel production is greater than ever before. It is estimated that by 1957 output will have been stepped up to twenty million tons. With 500,000 tons of reclaimed usable steel and 500,000 tons of imports, the total of available steel will be 21 million tons—20 per cent above last year. By 1957 the United Kingdom's consumption is expected to reach eighteen million tons, and exports three million tons.

So there is still room for expansion, and Britain's steel makers think they have an industry well worth

WORLD Chart



The price was fixed at one pound, five shillings—25 per cent above par. With a proposed dividend of 9 per cent, the yield worked out at 7.2 per cent. This was 1.5 per cent more than the current return on blue chip stocks and was intended to offset political risks.

It obviously achieved its purpose. During the ten-day period allotted, applications were received for three times the number of available shares. And as soon as trading began, the price rose.

It is hard to say whether future offers will meet with equal success. The immediate financial return, of course, is always important. But the investor will naturally insist on considering his immediate dividend in relation to the future of the industry as a whole. Most investors are disregarding the risk of the renationalization of steel. The Labor party convention at Margate last fall voted down a resolution calling for renationalization without compensation. the investors' money. Some of them have told me that they would welcome American capital.

On the Continent the Coal and Steel Community is resorting to novel devices to overcome the shortage of capital. The High Authority, for instance, is using its powers to put a tax on output in order to create a fund to guarantee repayment of loans. In this way it hopes to attract US capital. British industry spokesmen believe that public authorities here will have to adopt similar guarantees if they are to compete on an equal basis for American funds.

This, in fact, is one of the main reasons why the state's power will always be needed to support the industry. Government intervention in the steel industry began as far back as 1932, and has expanded steadily ever since, with remarkable inroads during the war. The Conservatives may denationalize iron and steel, but they will never re-establish private enterprise.

Lesson for US—How Canada Grew Up on a Sales Tax

OTTAWA

OFFICIALS in Washington must think the US has plenty to learn from Canada about federal sales taxes. In the last few months the Administration has asked for—and received—so much information on the subject that Canadian authorities are convinced that such a device is being considered.

Reports from Washington indicate that despite the certain budget deficit, political pressure may rule out any attempt to impose a federal sales tax at the next session of Congress. It is no secret, however, that an Eisenhower-appointed commission has been studying the entire tax program of the United States.

If this group comes out for increased excises, its plan will probably be patterned after the Canadian sales tax—which has been a highly successful and efficient method of collecting revenue since 1920.

Canada got 27.8 per cent of all her federal monies from this tax last year, as compared with 24.5 per cent from personal income taxes and 28.4 per cent from corporate levies. In the same period our own government got 14 per cent of its funds from an admittedly haphazard system of excise taxes, with individual income taxes bringing in 50 per cent and corporate taxes accounting for 34 per cent of the total received.

Most Canadian monetary experts think that high personal and corporate taxes impede industrial growth; therefore the Dominion has studiously avoided imposing them in recent years. Many American tax experts claim that if our economy is to expand, we must ease the burden of those who finance industrial growth. Except for excises, they say, taxation has gone about as far as it can go. But how is the government to make up the deficit caused by continuing high expenditures?

Ottawa doesn't understand why Washington didn't adopt a federal sales levy long ago. Because it is collected at the manufacturers' level, it is easy to administer.

In the twenties Canadian experts—the theorists as well as the men who actually drew up the tax legislation—agreed that the sales tax, because it was hidden, was evil. They were unanimous in condemning regressive taxes and it was generally agreed that the sales tax was regressive.

But, in the Canadian view, other taxes were even more dangerous. The Second World War proved that direct taxes at a high level could seriously reduce the incentive to work and to employ risk capital.

LABOR unions still call the Canadian sales tax "harsh and regressive." Douglas Abbott, Canadian Minister of Finance, says that simply "isn't true." "This tax," he explains, "has a very long list of exemptions. About 95 per cent of all foods are free of sales tax. All fuels and all building materials are exempt.

"I think it is safe to say that two-thirds of the average Canadian family's total spending is not touched by the sales tax.

"Contrary to the frequent assertion, the sales tax does not hit a higher proportion of the expenditures of the low income group. A recent family budget study made by the Dominion Bureau of Statistics indicates that in the lowest income group only about one-quarter of total income is spent on taxed goods.

"At the $3,000-a-year level, about one third of the family income is spent on [such] goods. . . . This 33 per cent of income spent on taxed commodities extends to beyond the $6,000-a-year level.

"Only when incomes exceed $7,000 or $8,000 a year does the proportion of income spent on goods subject to sales tax start to decline, and this is just about the point where our income tax starts to become sharply progressive," Mr. Abbott said. Half the Canadian working force doesn't pay income taxes, according to the Canadian Tax Foundation.

Without the sales tax, Canada would not have had seven straight years of surplus which have enabled her to pay off $2,284 million in federal debt when almost every other country was going deeper into debt. The sales tax accounted for $1,368 million of this debt reduction.

This year the average Canadian will pay $296 in federal taxes, of which $49 will be paid in sales taxes to Ottawa.

The present Canadian sales tax is 10 per cent. An 8 per cent tax goes into general revenues and a 2 per cent tax is earmarked to help finance old age pensions.

The tax is applied to the factory price of domestic goods. For imported goods it is applied to the import value plus customs duty. It is not imposed on export goods, and thus helps to maintain sales abroad.

The consumer is further safeguarded by an interesting device which assures that the tax will be collected only once—thus eliminating the additional impost by the middleman, generally known as pyramiding. Every producer of taxable goods is licensed. This gives the government a tax roll. In addition, this provision sets up a charmed circle in which goods can move freely back and forth tax-free between licensed producers. The tax is imposed only when the goods are sold to a non-licensed firm.

Of course, where manufacturers sell through their own wholesale or retail outlets, there is a problem. The selling price is determined by the prices charged independent wholesalers and retailers. Where there are no such sales, the National Revenue Department must determine the proper sales price in each case.

Even if a manufacturer makes goods for his own use, he must pay a sales tax just the same. For example, a printer pays the tax on letterheads he makes for himself.

THE key to the fairness of the sales tax in Canada is the schedule of exemptions. If all goods were covered, the tax yield would be 75 per cent greater and the tax would be unfair, hitting the low-income worker with undue severity.

Today, after thirty-three years' experience with the tax, no responsible Canadian finance department expert would think of eliminating it. Canadian taxmen think it as sensible a tax as the US capital gains tax is foolish.—ROBERT TAYLOR

An Exclusive WORLD Interview with Germany's Economic Strongman:

LUDWIG ERHARD SPEAKS TO AMERICANS

WESTERN Europe has produced several great leaders since the war whose ideas and policies have revitalized this democratic bulwark.

None has had a more exacting task than Dr. Ludwig Erhard, Minister of Economic Affairs in the Bonn government. Despite incredible destruction of plant and equipment, he has guided West Germany to an extraordinary economic comeback through his stringent monetary policies. In this exclusive interview, WORLD reveals the confident and candid opinions the German Minister expressed to officials on his recent visit to Washington.

Q. *Do you think West Germany could reach convertibility without financial assistance from the US?*

A. The issue of convertibility does not concern West Germany alone. We are not planning a unilateral step toward convertibility. I am here rather to find out how it can be introduced on a worldwide basis. Of course, the dollar must be in such a system.

Q. *Would you say that West Germany was now strong enough to leave the European Payments Union?*

A. West Germany does not plan to get out of EPU. She would like to perfect EPU to the point where all its member countries could make their currencies freely convertible with those of the rest of the world. We will stay in EPU until such a system is devised.

West Germany, however, already feels strong enough or, let us say, feels that her economy is sufficiently stable, to join such a free system of convertibility right now.

Q. *Now that some pre-Hitler bonds have been honored, what are the problems that face the floating of new issues in the United States?*

A. No new problems—just the same old problems in a new life. Especially, there are problems of international trade and international currency.

Q. *Is there any chance that West Germany will repay the principal on pre-Hitler bonds within the next two to five years?*

A. Yes, we will definitely resume amortization.

Q. *Did you discuss floating new issues of West German bonds in the United States on this trip?*

A. That was not discussed.

Q. *Have you discussed the settlement of West German assets and patent rights?*

A. It is up for discussion, but it is not an important feature of my plans.

Q. *Are you interested in obtaining a larger share of US offshore military purchases for your country?*

A. West Germany has a definite interest in this matter and we are discussing the question.

Q. *Dr. Erhard, are American investments necessary to the continuation of the West German economic boom and are they also necessary to subsidize the heavy commercial export credits which West Germany has issued recently?*

A. American capital would be welcome; we should like to have it. We do not, however, think of it either as a continuation of aid or as a gift. We believe that our economy is sound enough to be able to develop without financial aid from the US. We should, therefore, regard such capital investment as a confirmation of our economic strength—as an indication that West Germany is stable and creditworthy. Of course, investment of American capital in West Germany would encourage other countries to bring their capital in.

Q. *The West German Constitution now guarantees against expropriation; will you also guarantee payment of indemnities in the currency of the foreign investor?*

A. We will give any country interested in investing in West Germany an absolute guarantee of transfer in its own currency. There will be no expropriation.

Q. *What will happen to present guarantees if Germany is unified?*

A. Commitments undertaken by the Federal Republic will not be affected in any way by unification.

Q. *American private investors are afraid of the co-determination—joint labor-capital management of industry—which is in force in the Ruhr. Will this deter them from making capital investments in West Germany?*

A. This question cannot be answered by yes or no; but labor will play no greater part in the management of other enterprises than it now does in coal and steel. On the contrary, we will not extend that kind of co-determination to other industries.

Q. *One other question about German labor and American investors. The German Social Democratic party (Socialist) represents 28.8 per cent of the voters. Should American investors put their money in a country so far to the Left?*

A. May I ask a question in reply? What other country has an economic and political structure as attractive to American capital as West Germany? My economic policy commands a two-thirds majority in the West German Parliament; we have no extremist parties, either of the Right or of the Left; and as for financial stability, I believe there is no doubt that West Germany ranks first in Europe.

BRIGHT FRIENDS

When we pick up a good magazine and get absorbed in an article, we usually find ourselves thinking of some friends we'd like to share the story with. Charlie, who really ought to read this report before he goes on his trip, and Joe, with whom we discussed this very problem the other night. If we could only send them a copy of their own right now, without trying to find an extra one at a newsstand or going through the bother of mailing it. . . .

So here at WORLD we decided to make it easy for such-minded readers.

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Consultants Without Fee

THE REVIVAL OF MONETARY POLICY (*International Monetary Fund, Washington, D. C.; no charge*).

The business and economic dislocations caused by the Korean War would have been far worse and the free world's recovery would have been far slower, but for wisely applied monetary policy. So said officials of the International Monetary Fund at the eighth annual meeting of this UN Specialized Agency. This publication summarizes the discussion in concise and understandable terms; its clarifications of the monetary factors that influence the businessman's profits and security is a valuable service.

CONTROLS AND FREEDOM IN THE DISTRIBUTIVE TRADES *(International Chamber of Commerce, 103 Park Avenue, New York 17; no charge).*

The first part of this study examines the stifling restrictions placed on the distributive trades by many nations. The ICC believes that very often not enough attention is given to the efficient movement of goods, with the result that production and consumption of material are hampered.

The second half of the report is an interesting, if somewhat depressing, roll call of the taxes and regulations imposed on distribution by a great many governments as well as private groups.

WORLD AGAINST WANT: *An Account of the UN Technical Assistance Program (UN Sales Number: 1953, 1.27; 50 cents*).*

A booklet, prepared for the general public and based on the full-scale Fifth Report of the Technical Assistance Board, which briefly describes the work done by the UN. In addition, it contains twelve case histories. These include such diverse projects as iron and steel development in Latin America and the Malaria Control Program in Formosa.

There is also a twenty-page explanation of the ten different agencies that operate under the UN in this field, which turns into an almost unconscious demonstration of how a large number of virtually autonomous bodies can cooperate.

The final section is in some ways the most revealing. It breaks down into simple tabular form the total sum allocated each country and regional area and shows what contributions the ten agencies made to various projects.

Any interested investor can learn from this booklet what each nation has done (and has been helped to do) to create higher living standards.

ECONOMIC COMMISSION FOR EUROPE *(UN Sales Number: 1952, 1.23; 15 cents*).*

A twenty-five page public report (published last summer) describing the short history of ECE. In the words of its executive secretary, Gunnar Myrdal, "it can well be read with an eye to the future."

ECE has been working hard to achieve some lofty goals. An example of the type of project it is developing is the machine-tool glossary, which, when published, will contain 1000 definitions and drawings describing each product or sub-product in terms of characteristics and functions. In the same field, ECE has a working party busy devising simplified plant and machinery contracts in order to facilitate exports of these goods.

ECONOMIC RESOURCES AND DEVELOPMENT OF FORMOSA, *by Norton S. Ginsburg (Institute of Pacific Relations, 1 East 54 Street, New York 22; $1).*

American capital invested in Japan in 1952 is estimated at $310 million, or about 15 per cent of total US aid during the Occupation. The same percentage of private investment in Formosa based on total American aid through fiscal 1953 would amount to about $43 million. Such a sum, says the author of this study, even if invested largely in consumer goods industries, would enormously stimulate Formosa's economy and offset the diversion of MSA funds to military purposes. The study provides a guide to such investment by comparing the country's economic condition, first under Japanese and then under American tutelage.

*A United Nations Publication. Address: DPI, United Nations, New York.

Six Trillion Calories

THE LIMITS OF THE EARTH, *by Fairfield Osborn. Little, Brown, Boston; 238 pp., $3.50.*

THE ROAD TO ABUNDANCE, *by Jacob Rosin and Max Eastman. McGraw-Hill, New York; 166 pp., $3.50.*

ALGAE CULTURE: FROM LABORATORY TO PILOT PLANT. *Edited by John S. Burlew. Carnegie Institution of Washington; 357 pp., free.*

Reviewed By
Robert C. Cook

"Fall Plowing" by John Costigan. ©AAA.

Mother Earth's worried children: how many can she support?

MORE than twelve years have elapsed since the dark days of August 1941 when Hitler's legions were fanning out through the Balkans and into the heart of Russia. Even though the outlook was ominous, Roosevelt and Churchill dared to look beyond the immediate crisis to a time when all people would be free from fear and hunger. Their vision gave the Free World a tremendous psychological lift. Later the Four Freedoms were written into the Charter of the United Nations.

One needs to look back into history to understand that the dream of universal abundance will come slowly, and painfully; it may die if make-believe is substituted for realism. A century and a half ago, curate Thomas Robert Malthus recalled that Aristotle and Plato were deeply concerned with the problem of "providing for those in want." Malthus considered the brave plans of eighteenth century social reformers highly unrealistic and said of them: "It does not make the slightest approach toward accomplishing its object, but seems peculiarly calculated to effect exactly the reverse." He noted a tendency of population to increase to the limit of food supply and saw little prospect that this trend would change.

In Europe and North America a series of fortunate circumstances canceled out Malthus' gloomy predictions of mounting misery. In spite of this good fortune, more than a billion people are chronically hungry in the world today. FAO reports in November 1953 that the gap between the world's few well fed and its many hungry is widening. The gains in food production are mainly in the best-fed countries.

As in Malthus' time, the field is divided into two camps. Though the "pessimists" differ as to details, they agree with Malthus that "providing for those in want" will be difficult. They see the problem as complex, involving profound cultural, economic and religious readjustments. The "optimists," on the other hand, tend to ignore the difficulties and to hope that good intentions and occasional "miracles of science" will surmount all barriers.

Two recent books highlight these different points of view. Fairfield Osborn's *The Limits of the Earth* speaks for the "pessimists." Mr. Osborn has for many years been president of the New York Zoological Society. He organized and heads the Conservation Foundation. He is the author of *Our Plundered Planet*, published in 1948, which stressed the need to conserve the earth's dwindling resources. The case of the "optimists" is currently presented in *The Road to Abundance*, by Max Eastman, the author, and Jacob Rosin, an industrial chemist. The book jacket calls it "the authoritative answer of modern chemistry to those calamity howlers who think our planet is being plundered and that the human race faces a bleak future. . . ." In the preface Eastman says he has merely translated Jacob Rosin's chemistese into English: "This is Dr. Rosin's book." The voice is the voice of Max, but the ideas, the authority—such as it is—and the illusions are Jacob's.

All three authors agree that hunger plagues mankind, whose numbers are constantly increasing. Osborn says: "More than a billion people are in want, hundreds of millions are balanced on the starvation line. They hear and dream of the magic that is freedom or liberty . . . [and know that] material resources are required to nurture it." Within the past fifty years "another 800 million have been added to the world population, bringing us up to a population of about 2.4 billion. By the end of the twentieth century [at current rates of increase] world population will stand at 3.6 billion."

Chemist Rosin concurs: "Mankind as a whole does not get the six trillion calories a day that it requires. Mankind is hungry. . . . Moreover, we must face the fact that world population is increasing now at a rate that, if continued, will double its numbers every seventy years. The probability is that this increase will be acceler-

ated." If the death rate of India fell from 31 to 10.9 per 1000, "it would produce in one century a population of ten billion, which is five times greater than the present population of the world." (This appears to be an exaggeration, but Dr. Rosin is hardly given to conservatism.) Beyond this point of agreement conservationist and chemist part company. Where Osborn thinks we should try to get people and the resources which nurture them into some sort of balance, Rosin proposes to take off into the blue before there is any gas in the tank.

Osborn's backdrop is historical. He attributes the decline of Greece, of Rome, and of Spain mainly to the destruction of the land. He concludes that eroding land, dwindling resources and rapidly growing populations are bringing us to the limits of the earth.

Osborn evaluates several of the "outs" dear to the optimists: the "boundless" resources of the Amazon Valley, of the ocean, of chemurgy, and of microbiology—algae and yeast. He is confident that production can be increased by improving agricultural techniques, by inventing synthetic foods, by a more intensive harvesting of the oceans: "The present period through which the human race is passing might well be called 'the era of revelation.' The genii are at work. New discoveries, flowing one upon the other from the feverish laboratories of science, release undreamed of forces. Man is approaching the final threshold of knowledge. . . . Can it be that we are really earth-bound?"

As of today, the answer appears to be yes. "Present knowledge of practical means to draw upon the life resources of the oceans . . . or to create artificial subsistence, or to convert salt water to fresh . . . is in every case in an incipient stage."

Osborn believes that a "rational consideration concerning the desirability of using direct and effective means to control population growth" is essential. To the reviewer, this means that one of those genii had better come up with a cheap and foolproof contraceptive to go along with the DDT and the public health teams. Given that, birth rates might decline along with death rates. "People," Osborn says hopefully, "do the most unexpected things." But they do need tools to do them.

Chemist Rosin's plan for a Brave New World is much simpler, far more daring. He is not in the least concerned about the social, economic and political dynamics of the planet. Having predicted ten billion people for India in a century he leaves future population to take care of itself. That the chemists might contribute that needed contraceptive seems not to occur to him. Too trivial, perhaps: "Our social and political scientists often deal astutely with problems concerning the distribution of resources, but the thought of creating new resources such that these problems may be made obsolete is alien to their minds. . . . We refuse to admit that scientific conservatism, mental procrastination, and plain ignorance will prevail forever over the vital interests of the entire human race. . . . Want, fear and greed now rule the world and threaten the destruction of our civilization. Chemistry, with the help of physics, can save it by creating a new world of abundance."

Direct action is what is needed. Since agriculture does not produce enough food for 2.5 billion people, abolish it! At best it is pathetically inefficient. The job can be done much better in a chemical factory: "Chemistry has already rescued agriculture. But this, as we have shown, is a temporary service. Its ultimate destiny, and the logical end of the development we have outlined, is to replace agriculture altogether, except as a pastime."

Our mines are running out? Close them! Plenty of solar energy pours down on the earth every day, and the "dilute abundance" of the oceans and of the earth's crust makes mines superfluous anyhow.

Rosin's road to abundance runs via I. G. Farbenindustrie, du Pont, Dow Chemical, *et al.*, into the "Age of Scientific Chemistry," and thence into the Wild Blue Yonder. Abundance, we are assured, is all around us—a "dilute abundance" in the rocks and in the seas. Every city lot sits on top of $35,800 worth of uranium. Just dig down a mile, and process 2.5 million tons of rock and there it is. Simple as that. Rosin believes that "to assume a defeatist attitude [because the uranium is so dilute] is a grave technical error."

The trouble, Rosin insists, is purely mental: "Our present habits of thought may be described as a 'distribution mentality.' The violent clash of different ideologies which characterizes our social life and threatens to engulf us in World War III actually comes down to a difference as to the proper distribution of a limited wealth. Most wars have been motivated by a desire to redistribute the earth's natural resources.

"This distribution mentality will soon be obsolete. For no problems of distribution can exist in a world of absolute abundance. No wars were ever fought over the oxygen of the air, and never have persons with smaller bodies and lungs considered themselves 'underprivileged' because they could consume less oxygen than bigger persons. . . ."

Author Eastman, who wrote *The Enjoyment of Laughter,* is a kindly man. Surely he did not intend the sardonic implication which that last sentence can convey. One of the grim features of excessive hunger is that it enlarges the belly. The billion people in the world who suffer some degree of this abdominal protest might not attribute Eastman's physiological gaucherie to an ignorance as profound as Marie Antoinette's. Fortunately for our authors, most of these people cannot read. Before the law, ignorance is no defense. Nor, one suspects, is it before the bar of the future.

Rosin's reminder that man can box himself in semantically is timely. There *is* too much traditional thinking: that is part of the problem. No nation on earth can be classed today as scientifically sophisticated. Rosin's note of optimism is healthy. Were the game hopeless, why play it? Dilute abundance is actually being harnessed: magnesium and bromine are being mined from the sea. Atomic energy *may* solve the power problem while man learns to harness the sun. But physics and chemistry alone cannot possibly solve the problem of providing for those in want. To mention one factor: Capital formation is not merely an abstraction. Huge capital outlays would be necessary to rescue agriculture or to harvest the "dilute

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About the Reviewer: *Robert C. Cook, author of* Human Fertility: the Modern Dilemma, *has been managing editor of the* Journal of Heredity *for thirty-two of the fifty-three years that genetics has existed. He is a member of the biology department at George Washington University.*

abundance" of the air or the sea. The problem of capital is only one element ot an extremely complex equation which Rosin ignores.

In this reviewer's opinion, such glaring lacunae make Dr. Rosin's tour-de-force hardly better than a hoax. Osborn is right when he said the "miracles" are in an incipient stage. Rosin knows this. The catch lies in his implication that a world of absolute abundance will come soon. How soon? That is the $128 question.

Obviously Dr. Rosin does not really mean that the problem of providing for those in want is solved. To pretend that it is, is cruel. A solution can come only after the causes are universally recognized.

When Dr. Rosin speaks as a chemist he speaks with a certain authority. When he spreads out into agriculture, politics and economics, he is talking with no more competence than any other intelligent man. When he says that weed-killers will increase the current yield of corn "7½ times" he is talking nonsense—very dangerous nonsense—and he grossly deludes people concerned with one of the most urgent problems of the century.

The thoughtful reader will find much enlightenment by comparing what Rosin has to say about algae in man's future economy with a monograph on algae culture, published recently by the Carnegie Institution of Washington. This report is the basis for Rosin's expansive statements, and hence is fully relevant to the argument.

Four years of laboratory experiment and a year of pilot plant operation leave no doubt that algae may eventually become an important source of proteins, fats and vitamins—even of fuel. But not now, and not tomorrow. Dr. H. A. Spoehr, who was one of the organizers of the chorella project, speaks with real scientific authority, seemingly in anticipation of just such technical euphoria as Rosin's:

"There has been an abundance of visionary schemes. Hope of success seems rather to lie in the direction of concerted evolutionary effort along a wide front, through the critical cooperation of many disciplines.

"This is no time to indulge in the spirals of quixotic dreams. True, vision is necessary, but the vision must be a "disciplined and practical one."

NEW AND NOTEWORTHY

The Life and Work of Sigmund Freud. Vol. I: 1856-1900, *by Ernest Jones, M.D. Basic Books; 428 pp., $6.75.*
Acclaimed as definitive, this is the first of a three-volume study by one of Freud's intimate associates, himself an eminent figure in the psychoanalytical movement and a first class writer.

Triumph and Tragedy: Vol. VI, *by Winston Churchill. Houghton Mifflin; 800 pp., $6.*
Sir Winston's memoirs of the crucial period from June 6, 1944, to July 26, 1945, the last volume in his indispensable and infinitely readable masterpiece.

Cockney Communist, *by Bob Drake. John Day; 190 pp., $3.*
A plain tale of the career of an ordinary London bus conductor who joined the Party in 1933, slaved for the Revolution and quit in exhaustion and disgust eighteen years later.

Beyond Containment, *by William Henry Chamberlin. Regnery; 406 pp. $5.*
As spokesman for the "historical revisionists" of the Right, the author has done a clear and provocative job, though the master plan for action beyond containment has yet to be spelled out.

From Fish to Philosopher, *by Homer W. Smith. Little, Brown; 265 pp. $4.*
In tracing mankind's evolution through the evolution of the kidney, the author of *Kamongo* writes brilliantly of man's search for the free life.

The Miracle of Language, *by Charlton Laird. World; 308 pp., $4.*
An engrossing presentation of the ideas and discoveries of modern linguistics, marred only by the author's penchant for insufferably arch chapter headings.

Himmler: The Evil Genius of the Third Reich, *by Willi Frischauer. Beacon; 270 pp., $3.75.*
This detailed yet swiftly paced biography of the SS Chief makes a useful addition to the now voluminous library on the Nazi hierarchy.

Crisis in the Kremlin, *by Maurice Hindus. Doubleday; 319 pp., $3.95.*
Readable, authoritative and anecdotal analysis of Politburo policy; it should help to dispel the myth of the Kremlin's infallibility.

Shaw: A Critical Survey. *Edited by Louis Kronenberger. World; 262 pp., $6.*
A fascinating selection of literary criticism on Shaw since 1901, with an admirable introduction by the editor.

Rebirth and Destiny of Israel, *by David Ben Gurion. Philosophical Library; 539 pp., $10.*
Essays and addresses from 1915 to 1952 which give a vibrant history of Israel and Zionism.

Our Sceret Allies: The Peoples of Russia, *by Eugene Lyons. Little, Brown; Duell, Sloan and Pearce; 376 pp., $4.50.*
The author, a violent critic of our latter-day foreign policy, advocates an overt alliance with the Russian peoples. He neglects to say, however, how this feat could be accomplished.

A Treasury of Early Christianity. *Edited by Anne Fremantle. Viking; 625 pp., $6.*
The only one-volume collection available of the writings of the early Church Fathers, including wonderfully wise essays, letters and meditations aptly introduced by the editor.

In the Workshop of the Revolution, *by I. N. Steinberg. Rinehart; 306 pp., $4.*
A graphic account of the Russian Revolution from 1917 through 1921 by the last survivor of Lenin's original coalition cabinet. The book's theme is the Bolshevik betrayal.

From the University Presses

The University of Utopia, *by Robert M. Hutchins. Chicago; 103 pp., $2.50.*
Hazards to American education of industrialization, specialization, philosophical diversity and social and political conformity discussed with the former University of Chicago chancellor's special blend of profundity and smart-aleck brilliance.

Modern China's Foreign Policy, *by Werner Levi. Minnesota; 399 pp., $5.50.*
A solid analysis of Chinese foreign policy of the last 100-odd years, with the emphasis on twentieth-century developments, by the author of *Free India in Asia.*

Dream and Responsibility, *by Peter Viereck. The University Press; 65 pp., $1.50.*
Abbreviated but welcome added evidence that for fertility of ideas, moral perception, range of knowledge, and wit Viereck ranks high among the younger critics.

Moscow and Chinese Communists, *by Robert C. North. Stanford; 306 pp., $5.*
A superb book on the Chinese Communist movement, its relations with Moscow, the rise of Mao, and the implications of the People's Republic.

Sideshow

No Raised Eyebrows: In London, research chemist Cecil Smith decided, on a £5 bet ($14), to put the well-known reserve of his countrymen to an acid test. One chilly morning last month he set out for his office, twenty miles away, clad only in pajamas, housecoat and slippers. Although he changed buses three times, he never evoked a single stare or question—all he got for his unconventional ride was £5 and a bad cold.

Old Eagle-Eye: *In Nuremberg, a theatergoing tax collector watched the leading man in a play about black-market racketeering puff his way through a pack of American cigarettes, later waited in the lobby for the manager, and gave him a summons. The cigarettes, he said, had no tax label, hence were obviously bought on the local black market.*

Love in the Orient: Despite India's Child Marriage Restraint Act, tots and teen-agers are still being wed by their elders: 6.3 per cent of all males and 14.5 per cent of all females between the ages of 5 and 14 are married. In Japan, Domestic Affairs Court figures indicate that marriage for love just isn't catching on: two-thirds of all divorce cases involved couples who married on their own initiative rather than through the traditional go-between. Court officials figured out at least one reason: arranged marriages, they said, place a heavy, traditional responsibility on the bride's mother-in-law; in a modern love match, the bride is strictly on her own.

Which Comes First? *In Hong Kong, officials charged with supervising the US embargo on trade with Communist China faced a baffling problem: local merchants were doing a brisk business in pressed ducks raised in Hong Kong but, in some cases, hatched from Chinese eggs. The question: did this make the ducks Chinese, and therefore prohibited? The issue reached the highest official levels, was finally resolved in favor of the ducks; for purposes of export, the Governor, backed by the authority of the Crown, declared them to have "Hong Kong nationality."*

Helen Keller

(*Continued from page* 25)

she kissed Helen in delight, and Helen slapped her, hard.

"Yes, I slapped her. Not for the battle we had had. I liked battles . . . at that time—there was movement in them—movement between another and myself, there was a communication, even though an angry one. I slapped her because she kissed me. I allowed no one to kiss me, no caress. In the dark still world in which I lived, there was no sentiment or tenderness."

EVERY warm human instinct was stultified and twisted. When Miss Sullivan, convinced that she must live alone with Helen in order to teach her without suffering to the family, set up housekeeping in a small cabin on the grounds, Helen would not even sleep in the same bed with her. She permitted no quiet touch, no contact, preferring to sleep on the cold floor. This battle ended in exhaustion for both of them, and Miss Sullivan won it only because of greater stamina.

In the first two weeks that Miss Sullivan was with her, Helen used to string beads, two glass ones, a wooden one, two glass ones. Then she would tie the string around her neck, put a piece of finery on her head, and preen before the mirror, just as though she could see herself. In her docile moments she allowed the teacher to put a doll in her lap and spell "doll" into her hand, and thus she learned a few words of the manual alphabet by imitating the movements of Miss Sullivan's fingers. But she had no idea what they meant, that everything has a name, that there is such a thing as language. At last, in despair, Miss Sullivan took her outdoors.

"She brought me my hat, and I knew I was going out into the warm sunshine. This thought—if a wordless sensation may be called a thought—made me hop and skip with pleasure.

"My teacher placed my hand under the spout of the water pump. As the cool stream gushed over one hand she spelled into my other hand the word *water*, first slowly, then rapidly. I stood still, my whole attention fixed upon the motions of her fingers. Suddenly, I felt a misty consciousness as of something forgotten — a thrill of returning thought; and somehow the mystery of language was revealed to me. I knew then that 'w-a-t-e-r' meant the wonderful cool something that was flowing over my hand. That living word awakened my soul, gave it light, hope, joy, set it free!"

In a few hours that afternoon Helen learned thirty words. She knocked over her mother, father, teacher with her sudden hugs and kisses. She became, in a matter of minutes, a joyful, insatiable child, totally changed from the earlier frustrated, tortured creature. Miss Sullivan had made contact with her brain.

"It would have been difficult to find a happier child than I was as I lay in my crib at the close of that eventful day, and lived over the joys it had brought, and for the first time longed for a new day to come."

OUT of this struggle grew the mature, vigorous, constructive life Helen Keller has created for herself. "Silence and darkness sit immense upon my soul? Oh no, I think not now. For hope comes with a smile and whispers. 'There is joy in self-forgetfulness.'

"And happiness will come for everyone when each home builds its own love. When each woman begins to realize that her home embraces everything we strive for in this world. When each woman realizes that the new child, the new civilization, all the possibilities that sleep in mankind are enfolded in her.

"To plead with Woman, to urge her to open her eyes to the great affairs of life, is merely to bid her make her house ready for the child that is born."

Now, as Miss Keller walks with her dogs in Connecticut, or takes ship and plane again to another far corner of the world with Miss Thomson, she is the epitome of human triumph over insurmountable obstacles.

World Business Correspondents Cable:

What's Ahead

HONG KONG – Businessmen here regard the British Board of Trade's relaxation of the ban on the sale of passenger cars to Red China as only the beginning of a general easing of present restrictions on exports to the Communist mainland.

In order to be ready for further sales, local merchants are starting to think out the problems of trading with Mao. Among the hurdles are method of payment, delivery details and merchandise specifications.

If the Reds stick by their usual barter system, every deal, no matter how small, will require a bilateral trade agreement, and this is not easy to negotiate. The bigger manufacturers are expected to deal directly with Peking.

LONDON – Some Laborites have been asking embarrassing questions in Commons concerning US trade with China. They claim that despite restrictions, American cars have recently appeared on the Chinese mainland and the Laborites want to know if the US was the seller. Washington denies that any American citizens are engaged in such trade.

However, political observers here believe that the questions had something to do with the easing of curbs on the sale of British cars to the Reds.

PARIS – A new Soviet purchasing commission has been installed in a small hotel here near the Etoile and its members are trying to buy French precision instruments, industrial diamonds and other articles whose export to Russia is still prohibited.

Members of the commission are openly bragging that they are going to arrange transportation for their purchases through Swiss, Dutch and Belgian shippers.

NEW YORK – Oil men think that the Eisenhower administration is going to run into an uncomfortable situation if Herbert Hoover, Jr., succeeds in getting petroleum from Abadan sold on the world markets again.

The US is doing its best to help Iran out of the financial pit dug for it by Mossadegh, but if the supply of oil gets any greater, Eisenhower will be under pressure from domestic producers to restrict imports. Thus, on the one hand the President will be aiding increased output--which must find a market if it is to do Iran any good--and on the other hand he will be asked to eliminate the US as a customer for that added production.

BOMBAY – The spectacular recovery in India's food economy since 1951, when the US, to avert famine, rushed two million tons of wheat here, may cause a world recession of wheat and rice prices.

Production of cereals in 1953 was four million tons higher than in 1952 and imports have dropped from 4.7 million tons in 1951 and 3.1 million in 1952 to an estimated two million in 1953. This includes a cut of 600,000 tons in rice imports which saved India about $250 million in foreign exchange.

Significantly, for the first time in twelve years India is exporting wheat flour to Southeast Asia and the Middle East; these sales are expected to mount in 1954.

Increased domestic production will mean lower prices and the end of rationing in India and a further decline in demand for American wheat. This will bring India's recovery pointedly to the attention of the US farmer who helped make this comeback possible.

WASHINGTON – The US will try to dispose of some 40,000 tons of tin on the open market next year--about one-quarter of the world's annual production. When the US bought this tin as part of its program to bolster Bolivia's economy it already had a surplus; this sale should come as no surprise. The government paid just under $90 million for the tin, but it is not likely to receive nearly that much.

MEXICO CITY – This market for US exports is changing swiftly. Construction is going forward on a seamless tube plant, backed by Mexican and Italian capital. The plant's output--60 thousand tons a year--will cut imports in half. Soon domestic petrochemical production will satisfy part of the country's huge demand for these petroleum by-products, now supplied solely from abroad. The trend spells falling sales for American exporters of basic industrial products and new markets for alert producers of finished and semi-finished goods.

CAIRO – West Germany has regained its influence in Egypt at the expense of the British. Here's the story: In 1950-51 cabinet ministers of the old Wafdist party indulged in ruthless speculation in cotton futures while the

government subsidized cotton growers. As a result, Egyptian cotton was priced out of the British market and huge surpluses piled up. Premier Naguib corrected the situation by closing the Exchange and decreeing that all cotton be sold to a government commission at half the 1951 price. To escape the growers' wrath, he blamed the British, saying they were boycotting Egyptian cotton for political reasons. West Germany, posing as the "savior" of the Egyptian economy, stepped up its cotton purchases and was granted two consecutive trade agreements.

AMSTERDAM – Sicco Mansholt, Dutch Minister of Agriculture and a confirmed "European," has come up with a new idea on US farm surpluses.

America was forced to greatly expand her farm production during the war and postwar period, Mr. Mansholt holds, to make good Europe's agricultural losses and feed Allied armies and friendly peoples. These foodstuffs have now become surplus because of foreign agricultural rehabilitation under the Marshall Plan.

In recent talks with US Agriculture Secretary Benson, Mr. Mansholt said that Europeans should now recognize their responsibility for the situation and try to absorb the surpluses. In his opinion, the problem will solve itself within ten years because of rising population.

In the interim, he advocates distribution of the excess output to nations that are not able to buy it. Benson is reported sympathetic to the idea. He would prefer to have a local agency, the Committee on Commodity Problems--now at work in Washington--undertake the job rather than the UN's Food and Agricultural Organization, whose headquarters are in Rome.

BELGRADE – Tito will continue his unbalanced program of industrialization. Reliable sources hint that in 1954 the state will contribute 18 billion dinars ($60 million) for industrial development and only 2.5 billion dinars ($8.3 million) for agriculture.

NEW YORK – In the stiff tariff battle just ahead, protectionists may start hitting below the belt. One indication: American Tariff League representative Charles J. B. Molitor recently deplored "twenty years of brain washing about free trade by theoretical economists and Communists," charged that prominent industrialists were being duped by Communist party propaganda in favor of free trade.

SANTIAGO – US and Canadian steamship lines are spurring Chilean development to increase their payload on South American runs. Hother Trading and Steamship Company (Montreal) has contributed $5 million to the Chilean iron ore industry, with US Steel offering to take all the increased production. The Isbrandtsen Line (New York) has a heavy interest in Hother and will transport the necessary supplies to Chile as well as future exports of iron ore.

ROME – First crack in Italy's nationalistic mineral development policy--dating from 1927---came recently when the Gulf Oil Company was granted a concession to explore for oil.

Gulf has formed a 50-50 partnership with the powerful Italian chemical firm, Montecatini. If the early explorations prove successful Gulf will put up part of the capital. In the meantime, in line with a growing custom, it supplies technicians and know-how in lieu of money.

SANTIAGO – W. R. Grace & Company has gone into direct competition with the Chilean nitrate industry by constructing a $20 million chemical plant in the US. Chilean resentment is fierce. Grace has an interest in the Chilean nitrate industry and had a representative in the New York office of Chile's Nitrate Corporation (who found it wise to resign). The Chilean Steamship Line has a pool with the Grace Line whereby the former, having special privileges under Chilean law as an ocean freight carrier, passes on part of this monopolistic advantage to Grace to the exclusion of other foreign steamship companies.

Another source of resentment is the fact that the US officially promised it would not sell or rent plants to produce synthetic nitrate built during the war, if such an act damaged Chile, without advising the Chilean government beforehand. This has not deterred Washington from selling several such plants and renting others. American officials are also recommending that the US furnish Greece with money to buy 50 thousand tons of synthetic nitrate instead of the natural product that Greece usually buys from Chile.

PARIS – OEEC estimates that in 1954 Europe will need less than the 6 million tons of US coal it bought in 1953. US coal is still cheaper than the European product in many areas of the Continent because of low Atlantic freight rates. However, lack of dollars has forced Europeans to buy higher-priced domestic coal.

TOKYO – Japan's trade deals with Peking may never be kept, since Japan agreed to sell items banned for export to Red China by the US. China also inserted stiff time schedules for delivery in non-strategic goods contracts.

Southeast Asia will not open its trade doors unless Tokyo makes reparations settlements. As a final blow, the US is holding up orders until Japanese rearmament shows some progress.

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World

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This **World=Cable** is an exclusive international news service for the subscribers of WORLD.

Crucial developments affecting the diplomatic and military interests of the US are in the offing all across Asia from South Korea to Suez. Inside reports obtained by WORLD correspondents around the globe herald the following major events:

Indo-China, today, is the world's **most explosive danger spot.** The dramatic march of Ho Chi Minh's Communist-led troops across Laos to the border of Thailand—predicted in the December issue of WORLD—may not mean much strategically. (Hanoi, the major French base in the north, always has maintained communication with Saigon in the south by sea and air, and so is not affected by the "cutting of Indo-China in two.") But the drive to the Mekong, according to both French and Viet Minh sources, is **the opening move** in a general Viet Minh offensive in Indo-China which will involve hundreds of thousands of soldiers on each side.

The consequences of this could be incalculable.

Southeast Asia is filled with rumors that **US troops may be thrown into the struggle** and, according to these stories, the 2nd Marine Division has been earmarked as the first American unit for possible involvement.

Despite French Foreign Minister Bidault's statement early this month in the National Assembly that France wanted increased US aid—but not active participation by American forces—it is known that feelers to obtain just this were put out by the French at Bermuda.

Two of the most influential Paris newspapers, *Le Monde* and *Figaro,* which usually take opposite sides on questions of policy, now are calling for armed US intervention.

Peking has let it be known that, if Washington decides on intervention, an army of 300,000 **Chinese "volunteers"** will immediately drive south across the frontier.

Since such a conflict would dash the last hope of an East-West detente and would run counter to the current Communist strategy, it is believed that Ho Chi Minh's aim is to **launch a blitz,** conquer as much territory as he can, and then immediately make an **official peace overture** —all this before France's allies have time to intervene.

US officials, who are convinced that, despite Indo-Chinese nationalism, any peace short of victory will lead inevitably to a Communist-controlled Indo-China, are working desperately to prevent a French compromise—but their prospects of success **are not great.**

Even more alarmed are the ruling groups in the three "Associated States," who know that any compromise with the Viet Minh means **their own extinction**—since Ho does not recognize their existence and they have little, if any, popular support.

The Viet Minh compromise peace offer, expected before the Berlin conference opens January 25, will, from the viewpoint of Communist world strategy be another effort to **split the West.** France will be eager to accept, the US will be adamantly hostile, and Great Britain, taking a calculated risk, **may support the French** rather than the American position.

The situation is ticklish not only for France and the US, but for Viet Minh chieftain Ho. He is **completely dependent on Red China** for arms and supplies, and yet the great mass of his followers—and probably the passionately nationalistic Ho himself—**hate their Chinese "allies,"** who have menaced Indo-China all through history, long before the French came.

Ninety per cent of the Viet Minh forces, according to former UN General Assembly President Carlos Romulo of the Philippines, are **nationalist rather than Communist,** and only accepted Chinese aid and leadership when it became clear following the expulsion of the Japanese after the war that neither the UN nor the US would help them set up an independent nation free of French domination.

The dynamic Philippine leader stated recently that, had the US failed to give his country full freedom after the war, he might himself now be **called a Communist** because he would be "fighting for Philippine independence."

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In Korea, the armistice will settle down into a **permanent armed truce,** with no prospect of unification in the foreseeable future whether or not the projected political conference ever meets.

This is the conclusion reached by the top **US officials and experts on the spot** and in Washington, including Admiral Arthur W. Radford, Chairman of the Joint Chiefs of Staff, UN Commander General John E. Hull, Eighth Army Commander General Maxwell D. Taylor, Arthur H. Dean, UN representative in the abortive talks to arrange the conference, Assistant Secretary of State Walter S. Robertson, Ambassador to South Korea Ellis A. Briggs and Representative Walter S. Judd, Republican Far East expert.

This estimate of the situation, approved by Admiral Radford and Generals Hull and Taylor, is the basis for President Eisenhower's decision to **withdraw two divisions** from Korea. If hostilities are renewed, not Korea but China itself would be the probable main theater, with the US employing atomic weapons. In addition, Taylor, the field commander on the spot, is convinced that the Chinese are slowly withdrawing a considerable portion of their forces.

At the last minute, however, the departure of the 35,000-odd US troops, planned to take place as soon as possible, was **postponed until after January 23.** This is the date when the Communist POWs who refuse repatriation are scheduled to be released by the Indian troops.

US authorities fear, not so much Communist intervention, as an **attempted coup** on the part of the **South Koreans.** Syngman Rhee is bitterly disappointed by Washington's apparent acceptance of the continued division of Korea. Persons very close to the highly emotional ROK President warn that he plans to order his US-equipped army north on the "great crusade" whenever he feels the time has come—be it in three days, three months or three years.

Despite public amicability, there has **never been any love lost** between the ROK President and US officials, as WORLD reported in its November issue.

For example, Rhee supporters are sedulously spreading the rumor that Secretary of State Dulles' former law firm, Sullivan and Cromwell, in which Dean is a partner, represents clients who hope to recover properties in countries now Communist-controlled. This, they state, is the main reason why Washington does not support ROK ambitions to the hilt.

Rhee himself is under the delusion that, when and if he strikes, he will have the **approval of the majority** of the American people, and this will force Washington to back him. Any reports from the US to the contrary he dismisses as obviously Communist-inspired.

His affection for US officials is not increased by the fact that most Americans in the Far East, including Dean, grimly and reluctantly are coming to the conclusion that the time has come for Washington to make **some kind of terms** with Peking.

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In Cairo, half across the world from Korea, Egypt's new nationalist government plans to issue **a declaration of "neutrality"** in the East-West conflict, thus aligning itself with such

"footloose nations"—in the phrase of Britain's Aneurin Bevan—as India, Indonesia and Burma.

Principal reason is Egypt's desire to "punish" the US for refusing to **press Great Britain** to surrender unconditionally in the Suez base dispute as the price of Egyptian adherence to an Allied-sponsored Middle East defense pact.

The Eisenhower administration **rejected the Cairo move** as out-and-out blackmail, and thus caused Egypt's acting Premier, Gamal Abdul Naser, to declare angrily that US promises were "deceptive drugs."

Cairo's new course toward neutrality is also motivated by its **jealousy of Pakistan,** which on the strength of the promised US military assistance is rapidly assuming a position of leadership in the Moslem world, a position Egypt considers rightfully her own.

The Arab League, of which Egypt is the seat and titular head, has thus become **a new battleground** in one phase of the East-West struggle, the Western attempt to build a free world front against communism and the opposing effort by Indian Prime Minister Jawaharlal Nehru to form a bloc of Arab and Asian nations "actively independent" of both Moscow and Washington.

New Delhi's ambassador to Cairo, Sardar K. M. Pannikar, has been the major personal influence in pushing Egypt's ailing President and Premier, Mohammed Naguib, and his ambitious deputy, Naser, into the Nehru orbit

Egypt's increasing anti-Western tendencies are linked with the growing eclipse of Naguib. His severe heart condition confines him to bed most of the time and promotes the rise of the radical Naser, who in Naguib's absence has a free hand in deciding policy. WORLD can reveal that Naguib will soon **hand over the premiership** to the younger man, retaining only the nominal office of President.

Pannikar, who is scheduled to retire from the Indian diplomatic service shortly, wants to **crown his career** by wrecking Western efforts to organize a Middle East anti-Communist defense bloc.

But Pannikar's efforts are meeting with **much less success** with the other Arab League states.

Saudi Arabia is a firm friend of the US, and Jordan, Iraq and Lebanon are too weak and too much aware of the menace of communism to risk losing American assistance. Potent pro-Western influences also are Pakistan and Turkey, the strongest powers with Moslem populations despite the claims of Egypt's vainglorious nationalism.

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An all-out effort by Nehru to put his "neutralist" bloc on a formal basis is expected at the projected conference of the Prime Ministers of India, Ceylon, Burma, Indonesia and Pakistan, which has been invited by Ceylonese Prime Minister Sir John Kotelawala to convene in the near future.

But only Burma and Indonesia are expected to go along with him, since Pakistan is actively hostile to the idea and Ceylon does not welcome Indian attempts at leadership.

Nehru's position internationally is being complicated by the growth of a **potential Chinese menace** along his northern frontier—particularly in Tibet—and by mushrooming **Communist influence** at home, particularly in southern India, where the ruling Congress Party barely retains the balance of power.

Ominously, the Indian Communist party at its recent congress **retained in office** its secretary general, Ajoy Kumar Ghosh, just back from six months in Moscow.

It was expected that, in accord with the recent party line of "legal" agitation, he would be replaced by P. C. Joshi, a passive-minded moderate who formerly held the post.

BUSINESS AND ECONOMIC EVENTS OF THE HOUR:

The strategic position of the Western Allies in the Mediterranean stands a good chance of being bettered by the recent **discovery of oil in Sicily.** Shortly after oil was found the island government passed a law encouraging foreign mineral research.

In all, **seven companies** from four nations, with a total investment to date of approximately $20 million have begun explorations in Sicily. Gulf Oil has spent the most so far and has gotten concessions for more than 250,000 acres. If the deposits live up to first tests—which were almost uniformly good—there will be a large new supply of oil right in the path of the present route from the Middle East to Gibraltar. Although there is a glut of oil in the Western world today, if a flare-up in the Middle East should threaten NATO's supply, Sicilian oil would be a godsend. The advantage of Sicilian oil is the island's proximity to markets. Its discovery will **strengthen Italy's economy** by providing this material-starved nation with a domestic source of a commodity that has been costing her valuable foreign exchange.

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Brazil's President, Getulio Vargas, threw a scare into **private power companies** operating in his country by saying they would **face expropriation** if they "got in the way of the new electrification plans" he has drawn up. First reaction came from Henry Borden, Canadian head of the Brazilian Traction Co.—a company which has heavy investments by Canadians. Borden said he was not alarmed by the situation in view of Brazil's growing need for power. He announced that his company would not pay its usual 50 cents dividend, but instead would enlarge its cash resources to pay for an expansion program now in progress.

The passing of this dividend must have appealed to Vargas, since it would have been paid in hard currency—now extremely short in Brazil. The fact that the money will be used to increase sources of power probably was also to the Brazilian President's liking and certainly indicated that at least one company was not going to "get in the way of his plans."

Incidentally, American capital and know-how are **fast modernizing** the processing, wholesaling and retailing of foodstuffs in Brazil—and making fat profits for the businessmen involved. A young American built and opened Sao Paulo's first supermarket with $20,000 in exactly four and one-half months. He serves 100,000 customers a month, plans another market this month. A young Brazilian, who studied the business in the US, opened the city's second supermarket with $200,000 capital raised from wealthy Brazilians. Within a month he was doing $30,000 business a week; he is now planning to start a chain in Rio and Sao Paulo.

Up to 95 per cent of merchandise sold is national, because local food processing and packaging is coming into its own. Quaker Oats is building a plant in Sao Paulo. Two US outfits recently started commercial fishing and fish freezing; both deliver by plane to leading cities all over Brazil and have installed frozen food counters in large markets for retail sales. Another American firm launched Brazil's first commercial mayonnaise factory two years ago, is now making more than a dozen such processed foods. Two reasons for this surge in the foodstuff industry: it requires no imported raw materials and very little capital.

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United Fruit Company's troubles in Central America are continuing. Costa Rica's new President, José Figueres, has asked the company to devise a method of **nationalizing its holdings** in his country, with United Fruit allowed to handle marketing after nationalization.

The Editors

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